

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

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A Uniform Accounting Manual for Towns has been prepared to provide guidance to town officials in the collection, budgeting, expenditure and reporting of public funds. The Manual reflects state laws including the 1983 Town Fiscal Procedures Act and all applicable amendments through the 2005 General Legislative Session. It is also consistent with generally accepted accounting principles.

The manual has been organized in an easy-to-use format and each page is numbered with a specific reference to facilitate easy filing of updated information. Effective date and revision date information have been included on each page. Updates to the Manual will be inserted in the appropriate section of the State Auditor's web site at www.sao.utah.gov.

Comments and suggestions concerning the Manual are welcomed and should be directed to the Local Governmental Accounting and Auditing Division of the State Auditor's Office, 310 State Capitol Complex, Salt Lake City, Utah 84114. At the present time, the "town fiscal committee" mandated by *Utah Code* Section 10-5-130 is combined with the "municipal fiscal committee". The purpose of this committee is to "assist, advise and make recommendations to the state auditor in the preparation of uniform accounting and reporting procedures and program and performance accounting, budgeting, and reporting for towns." Town officials wishing to serve on the committee should notify MacRay A. Curtis, Director of the Local Government Division at 538-1335

The town Manual is organized into two sections - the General Section and the Town Section. The General Section contains information on governmental accounting principles, overall budgetary requirements, audit and financial reporting requirements, and a section on special accounting and financial reporting areas applicable to all or most types of governmental units. The State Auditor's Office also maintains separate Uniform Accounting Manuals for cities, counties, and special districts. For independent auditors and other interested parties, these manuals applicable to all local governmental units are available on the State Auditor's web site: www.sao.utah.gov.

The Town Section of the Manual is organized with the following sections

IV.A. THE FUNDS

A brief description of the various types of funds that may be established by a town, including the governmental functions and activities that should be recorded in each fund.

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IV.B. RECORD KEEPING AND CHART OF ACCOUNTS

Contains a discussion of the financial record keeping requirements of towns and also provides a simplified chart of accounts which may be used.

IV.C BUDGETARY PROCEDURES

Sets forth in summary format the budget procedures and a timetable for their accomplishment. Also discusses the accumulation and usage of fund balances, emergency expenditures, interfund loans and subsidies and contains a copy of the annual budget forms to be used in the preparation and submission of town ' s budgets.

IV.D FINANCIAL PROCEDURES

Sets forth the requirements for annual financial reports and monthly and quarterly interim financial reports. Contains examples of interim financial reports and a copy of the annual financial reports which may be used by smaller towns not requiring the service of an independent public accountant.

IV.E FISCAL RESPONSIBILITIES

Provides, in summary format, the fiscal responsibilities of the town council, mayor, clerk, and treasurer of the town.

IV.F FISCAL ADMINISTRATION

Contains specific sections on fiscal administration, including investment of public funds, purchasing procedures, expenditures of state-allocated road funds.

IV.G FISCAL PROCEDURES ACT

Contains a summary of the Uniform Fiscal Procedures Act for Utah Towns, as well as the verbatim text of the Act.

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The accounting, budgeting, and financial reporting of the financial activities and balances of towns are divided into “funds”. A fund is defined as “an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.” While State law does not create and define the funds a town must use, it does require towns and all other local governmental units to follow proper fund accounting principles. As previously noted in the Manual, these principles are established by the Governmental Accounting Standards Board (GASB) (see General Section of the Manual – “GASB Principles”). The National Council on Governmental Accounting (NCGA) was the forerunner of GASB. References in this Manual will be to both NCGA Statements and GASB Statements. This will cause no difficulty since GASB’s first action was to adopt the NCGA’s Statements and Interpretations as authoritative.

This section of the manual explains each of the funds that may be established and used by a town. However, very few, if any, towns, will actually have a need to establish all of the identified funds.

The requirements for a complete set of accounts for each fund refers to the identification of accounts in the accounting records. The requirement does not necessarily extend to an actual physical segregation of assets and liabilities. For example, it is not essential to have a separate bank account for the cash in each fund unless such is required by law, bond indentures or contractual agreement. In most cases it is best to have one bank account for control and accountability purposes.

For units of local government, funds may be established by constitutional provisions, statutes, bond agreements, charter provisions, and local ordinances. No special funds may be created by local ordinance which are inconsistent with the principles of this Manual.

The following briefly summarizes those funds most commonly used by towns:

GENERAL FUND

All towns have a general fund which is to be used to record all financial transactions except those required to be accounted for in another fund. In some cases the general fund may be the only fund established by a town.

The second most common fund established by a town is an enterprise fund which is used to account for the utility (water, power, etc.) activities operated by the town. These activities are segregated from other funds and accounted for in the same manner as private enterprises in order to identify the cost of providing these services. Also, all fixed assets and debt of enterprise funds are accounted for within these funds and are thus segregated from the other assets and debt of the town. A separate accounting should be made of each

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enterprise fund (except a combined water and sewer fund) in order to identify the cost of each utility service.

SPECIAL REVENUE FUND

Special revenue funds are established to account for resources received by governmental units which are restricted for special operating purposes. While towns are generally not required to establish special revenue funds, they may be used to account for state-allocated road funds as a special revenue fund during the year. However, for year-end financial reporting purposes and budget purposes, these road funds should be consolidated into the general fund.

CAPITAL PROJECTS FUND

Capital project funds are established to account for the accumulation of money to finance specific capital projects and to account for the expenditure of financial resources for the acquisition or construction of major capital facilities except enterprise funds.

DEBT SERVICE FUND

Debt service funds are established to accumulate and record the payment of a town's general long term debt. Again, debt for enterprise funds would be accounted for with those enterprise funds.

PERMANENT FUND

Permanent funds should be used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry. An example of a permanent fund is a cemetery non-expendable trust fund.

Other funds discussed in this section should be established and utilized on an "as needed" basis.

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Subject: General Fund
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Every town should maintain a general fund. Most of the governmental activities should be financed and recorded in this fund. Expenditures for public purposes may be made from cash held in the general fund with freedom from the restrictions imposed on other funds. Town councils may authorize contributions and/or loans to other funds from cash held in the general fund. Emergencies, catastrophes, and other unforeseen demands for money are usually met from the resources of the general fund.

Financial reporting and budgeting of special funds in the general fund

Special revenue funds are sometimes created to segregate and identify for interim accounting purposes, expenditures relating to certain revenues received (such as the use of a special revenue fund for state-allocated road money). However, for year-end financial reporting purposes and for budget purposes these revenues and expenditures should be accounted for through the general fund. Road fund activities are of a general governmental nature and are, therefore, reported in the general fund.

Occasionally, a town will establish a special account for a specific purpose or activity such as a Fourth of July account. Again, this activity should be accounted for through the general fund and no expenditures should be made in excess of those budgeted.

Revenue accounts

All town revenues belong to the general fund except those that are specifically required to be accounted for through other funds. When general governmental revenues are remarked by the governing body to be used in other funds, a transfer of such revenues should be reflected from the general fund. However, in the case of a property tax levy specifically set for use in other funds, such taxes received should be accounted for as revenue directly to the appropriate fund. The revenue accounts of the general fund are grouped according to the major sources of revenue.

Expenditure activity account

As a general rule, those activities of a local government that benefit the community as a whole are to be included in the general fund, excluding enterprise functions and funds segregated to meet statutory requirements. The basic principle of budgeting and comparable financial reporting, as expressed in this Manual and the Fiscal Procedures Act, is to reflect the total amount of revenues and expenditures in each budgetary fund without regard to the funding source. Accordingly, all expenditures applicable to the general governmental functions must be budgeted and accounted for within the general fund. The only exception to this requirement would be activities which, because of state and federal statutory requirements, are accounted for in a special purpose fund.

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Reference: IV. A.02.02
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Subject: Special Revenue Funds
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The use of special revenue funds is not required by GAAP unless they are legally mandated. Otherwise, monies legally restricted may be accounted for in the general fund. This concept is consistent with the basic principles of accounting, budgeting and comparable financial reporting, as expressed in this manual and the Town Fiscal Procedures Act, which is to reflect the total amount of revenues and appropriated expenditures in each budgetary or operating fund without regard to funding source. However, because of statutory requirements created on the state or federal level, special revenue funds are created in order to account for resources legally restricted for the financing of particular activities or projects.

All special revenue funds created to account for a function which would qualify as a function of the general fund must, for budgetary and financial reporting purposes, be combined with the appropriate general fund function. When legally restricted resources are accounted for in the general fund, a fund balance reserve account should be used to indicate the excess of legally restricted assets over related liabilities and the nature of the expenditure purposes to which they are restricted.

Special revenue funds may include the following:

Class "C" Road
Library Fund
(As needed)

However, as noted above, the Class "C" funds are to be combined with the general fund for budgetary and financial reporting purposes.

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Reference: IV. A.02.03
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Subject: Debt Service Funds
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Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Debt service funds are required only when they are legally mandated and/or if resources are being accumulated for general long-term debt principal and interest payments maturing in future years. This provision accommodates appropriations directly from unrestricted general fund resources for the payment of general long-term debt principal and interest. In such instances, debt service expenditures may be made directly from the general fund and a separate debt service fund is not required.

General Obligation and revenue bonds being repaid by enterprise funds are to be recorded as liabilities within the appropriate enterprise fund, and monies accumulated for their repayment should be accounted for in the appropriate enterprise fund rather than a debt service fund.

Matured by unpaid bonds and interest coupons are a liability of the debt service fund. They should be shown as liabilities on the year-end balance sheet and the amount required to be paid for their redemption should be included in expenditures of the year in which they matured.

Since debt service is a contractual obligation of the governmental unit which must be promptly and fully discharged, all debt service requirements should be regularly budgeted as a part of the governmental unit's annual budget. Each debt issue constitutes a separate obligation with its own legal restrictions and servicing requirements. The budgeting and accounting for each issue must give cognizance to such restrictions and requirements. In some cases, the legal restrictions will make it necessary to have a separate fund for each individual bond issue. However, it is recommended that the minimum possible number of debt service funds be employed and, where feasible, all General Obligation bonds serviced by general property tax be accounted for in a single debt service fund.

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Reference: IV. A.02.04
Page: 1 of 1
Subject: Capital Projects Funds
Effective Date: 1 April 1986
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Capital projects funds are defined as funds used “to account for financial resources to be used for the acquisition or construction of major capital facilities” (other than those financed by Proprietary Funds or Trust Funds). The financial resources of capital projects funds come from several different sources, including general obligation bonds, grants from the state and federal government and appropriations from the general or special revenue funds.

When capital projects funds are used to account for the proceeds of general obligation bond issues, a separate fund should be provided for each bond issue. General obligation bonds are secured by the full faith and credit of the town and the pledge of its general taxing powers for the payment of the obligation. Such bonds are a liability of the town as a whole and the liability for their repayment is reflected in the Governmental Activities column in the Statement of Net Assets, unless they are to be repaid from the enterprise fund’s operations.

Monies received from grants and appropriations from other fund should be accounted for in a separate capital projects fund for each project. The appropriation and accumulation of money over a period of years in a capital projects fund may only be allowed if the governing body of a town had adopted a formal long-range capital plan for the purpose of financing future specific capital improvements [*Utah Code* Section 10-5-113(3)].

Expenditures made from capital projects funds can only be made in accordance with a formal budget which has been adopted for each capital projects fund (*Utah Code* Section 10-5-106).

Capital projects funds are temporary funds which should be eliminated once the specific capital project is complete. *Utah Code* Section 10-5-119(2) requires that “Any balance remaining in a capital improvements or capital projects fund shall be transferred to the appropriate debt service fund or other fund as the bond ordinance may require and otherwise to the fund balance account in the general fund”.

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Reference: IV. A.02.05
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Subject: Accounting for Special Assessments
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As authorized by *Utah Code* Section 17A-3-301 through 345, special assessments are employed to finance permanent improvements, such as to establish, extend or widen streets: construct curbs, gutters, sewer and drains, sidewalks and crosswalks; plant lawns and shade trees in parking spaces, etc., or to finance services such as street lighting, park maintenance, etc. Such permanent improvements or special services are to be paid for, wholly or in part, from special taxes levied against the property owners who are benefited by the improvement project.

Under the *Utah Code*, municipalities have been empowered to make permanent improvements and to provide the required capital by:

1. issuing General Obligation bonds
2. using the general funds of the municipality, or
3. following the method of special improvement district proceedings.

Under the first method of financing, the project would be accounted for through a capital projects fund which would be created to receive and disburse the proceeds of the bond issue. The second procedure would generally require that the cost of improvements be included in the budget appropriation of a specifically created capital projects fund for the fiscal years in which the project is to be constructed.

Special improvement district proceedings must be followed by all municipalities whenever the cost of a project is to be levied or assessed against the abutting property owners. Municipalities are authorized by the *Utah Code* to create improvement districts, to contract for the making of improvements in each district, and to let the contract to the lowest responsible bidder.

Towns creating special improvement districts should carefully review *Utah Code* Section 17A-3-301 through 345, entitled Municipal Improvement Districts.

In January 1987, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 6 entitled "Accounting and Financial Reporting for Special Assessments" which established new accounting and financial reporting standards for capital improvements and services financed by special assessments. The special assessment fund type as identified in NCGA Statement 1, Governmental Accounting and Financial Reporting Principles, is eliminated for financial reporting purposes.

Transactions of a service-type special assessment should be reported in the fund type that best reflects the nature of transactions, usually the general fund, a special revenue fund, or an enterprise fund, giving consideration to the "number of funds" principle. Service-type special assessment revenues should be treated like user fees. Assessment revenues and expenditures (expenses) for which the assessments were levied should be recognized on the same basis of accounting as that normally used for that fund type.

If the town is obligated in some manner to assume payments on special assessment debt in the event of default by the property owners, all transactions related to capital improvements financed by special

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assessments should be reported in the same fund types and on the same basis as any other capital improvement and financing transactions.

For financial reporting purposes, a town is obligated in some manner for special assessment debt if (a) it is legally obligated to assume all or part of the debt in the event of default or (b) the town may take certain actions to assume secondary liability for all or part of the debt - and the town takes, or has given indications that it will take, those actions.

Special assessment projects are often financed with general obligation bonds, issued by the town. When the town derives a direct benefit from the capital improvement or chooses to share in the cost of construction based on the anticipated benefit to the community, general obligation debt may be issued to reduce the cost of financing the project.

For most capital improvements assessments, the project can be divided into a construction phase and a debt-repayment phase. Unless the capital improvement is accounted for in the enterprise fund, the construction phase generally is accounted for in a capital projects fund. The debt-service phase of the capital improvement special assessment should be reported in a debt service fund when a separate fund is legally required or the debt meets a criterion where a debt service fund would be advisable. (See GASB Codification Section S40 for a description of criterion which would require a debt service fund).

Certain capital construction special assessment activities can be reported in the enterprise funds. When the special assessment debt is (a) a direct obligation of the enterprise fund or (b) is not a direct obligation but is expected to be repaid from enterprise fund revenues, the debt should be reported as a liability on the enterprise fund's balance sheet.

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Reference: IV. A.02.06
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Subject: Permanent Funds
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The newest governmental fund type is the permanent fund, first introduced as part of the governmental financial reporting model established by GASB Statement No. 34. Permanent funds should be used “to report resources that are legally restricted to the extent that only earnings, and principal, may be used for purposes that support the reporting government’s programs, that is, for the benefit of the government or its citizenry.” Similar arrangements for the benefit of those outside the government (individuals, private organizations, other governments) should be accounted for as private-purpose trust funds rather than permanent funds. A permanent fund would be used, for example, to account for the perpetual care endowment of a municipal cemetery, or for endowments relating to a municipal library or museum.

Sometimes there is a requirement through enabling legislation that a portion of restricted resources be “permanently invested.” GAAP expressly indicate that a government may use a permanent fund in such situations. In that case, fund balance would need to distinguish amounts that are available for spending from those that are not.

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Subject: Enterprise Funds
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Enterprise funds may be established to account for the operations of the enterprises which provide goods or services to the public and a fee is charged. As such, these funds are to be handled on the same basis as similar privately-owned utilities or other business organizations. GASB 34 makes clear that enterprise fund reporting must be used for any activity whose *principal* revenue sources meet any of the following criteria:

- (1) Debt backed solely by fees and charges. Debt that is secured by a pledge of net revenues from fees and charges *and* the full faith and credit of the related primary government or component unit – even if that government is not expected to make any payments – is not payable solely from fees and charges of the activity.
- (2) Legal requirement to recover cost. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- (3) Policy decision to recover cost. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Combining activities that are not homogeneous in a single enterprise fund could obscure that matching of revenues and expenses that are central feature of enterprise fund accounting. Accordingly, separate enterprise funds normally are used to account for nonhomogeneous activities. This practice is considered consistent with the number of funds principle because it is needed for sound financial management.

Revenues are to be recognized in the accounts as customers are billed. Accounts receivable are debited and the applicable revenue accounts credited. Proceeds from the sale of revenue bonds are credited directly to the bonds payable account. The proceeds of a general obligation bond issue that are to be expended for the purpose of constructing or expanding a utility or enterprise facility are also to be accounted for in the enterprise fund. As disbursed, the cost of the project is charged to Construction in Progress. Upon completion, the Construction in Progress account is classified by type of asset, and the related costs are transferred to the permanent asset accounts. If the enterprise fund is not expected to repay the general obligation bonds, the proceeds would be credited to the enterprise fund's contributions account.

A town may decide that part of the cost of operating or constructing an enterprise is to be financed by the town rather than users. Monies received from property tax levies and other town revenues are handled one of two ways depending upon the usage of the monies. If the monies are to be used for the construction or capital improvements of an enterprise, the contributions should be credited to the town's contribution account. If the monies are to be used for operating purposes such contributions should be reflected as operating transfers.

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Refer to section I.D.08 for information regarding the treatment of proceeds from water and sewer connection fees.

Certain expenses of a utility or other enterprise are treated in a different manner than are expenditures of the governmental funds of a town. Capital outlay of the utility or enterprise are charged directly to fixed asset accounts and these costs are subsequently taken up in its operating accounts through annual depreciation charges spread over the estimated useful life span of each of the fixed assets acquired. Interest paid constitutes expense to be charged against revenues, but expenditures for the retirement of bonds result in reduction of a liability and are charged to the bonds payable account. Materials and supplies on hand at the end of each year should be inventoried and set up in the books so that expense accounts are charged only with the actual materials and supplies consumed during the year.

Prepaid expenses are to be set up as to be charged to expense in the period benefited.

Questions are frequently asked about the treatment of depreciation expense on assets acquired with grant monies. The following direction is provided in GASB Codification Section G60.116. (See GASB Codification Section G60 for illustrations):

In proprietary funds grants, entitlements, or shared revenues received for operations and/or for either operations or capital acquisitions or construction are reported as “non-operating” revenues. Such resources externally restricted for capital acquisitions or construction are reported as contributed capital. Operating expenses include depreciation on all depreciable fixed assets. Depreciation recognized on assets acquired or constructed through such resources externally restricted for capital acquisitions may be closed to the appropriate contributed capital account (Capital Grants in Paragraph .114) and reported in the operating statement as shown in Illustration 2. If this option is followed, the net income (loss), adjusted by the amount of depreciation on fixed assets acquired or constructed through such resources externally restricted for this purpose, is closed to Retained earnings and reported as shown in the Illustration.

Town departments should pay for utility services at the same rate charged other customers of the utility. Transfers to other funds from an enterprise fund which do not represent a reasonable allocation of costs should either be treated as “Residual Equity Transfers” with a reduction of contributed capital or retained earnings, or as “Operating Transfers”, depending upon the nature of the transfers. These procedures are necessary in order to provide accurate departmental costs and to provide the basis for determining whether a net profit was actually earned by the utility during the fiscal period.

The plant and facilities represent the major resources of a public utility or other enterprise and the property accounts reflecting them are to be included in its balance sheet. Annual depreciation expense charges are to be accumulated and credited in the general ledger allowance for depreciation account.

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Revenue bonds are a liability of the utility or enterprise and are to be included in its balance sheet. They are special obligations of the issuing utility and are payable solely from its net revenues. Revenue bonds usually contain a provision that the holder shall not have the right to demand payment of the obligation out of funds raised or to be raised by taxation.

Some towns provide capital for construction and expansion of a utility system by issuing general obligation bonds. Holders have the right to demand payment of this obligation out of funds raised or to be raised by taxation and the full faith and credit of the town are pledged for payment of the bonds.

Usually, this right is not exercised unless revenues of the enterprise are insufficient to meet debt service requirements. Because of this, general obligation bonds intended to be repaid out of earnings of the enterprise are properly reflected as an obligation of the enterprise fund. However, if general obligation bonds are intended to be repaid out of taxation through a debt service fund, then the liability for such bonds should not be reflected in the enterprise fund. As previously stated, the proceeds from such issues are properly considered as a contribution by the town to be credited to the enterprise fund's contribution account.

Amounts required to be set aside out of earnings for the retirement of revenue bonds should be charged to retained earnings and credited to the account "Reserve for Revenue Bond Retirement."

Normally, sewer service activities are accounted for in a combined water and sewer fund. Occasionally, however, a town may float a revenue bond issue on the sewer facilities which prescribes that the sewer activities and the assets and liabilities related thereto are to be set up in a separate utility fund.

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Subject: Internal Service Funds
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Internal service funds are established to provide financing for activities, usually of a service nature, such as shops and garages, central purchasing and stores, departments, motor pool, etc. These services are rendered to other departments of a governmental unit on a cost-reimbursement basis.

There are many advantages afforded a governmental unit in the use of internal service funds. For instance, through the operation of a central equipment garage, proper maintenance and use of the motor equipment can more readily be assured. Centralized purchasing and control over stores permits quantity buying (with the attendant discounts) and reduces the likelihood of duplicate and excessive inventories. However, these benefits are normally considered for larger governmental units. Towns and smaller third class cities do not normally establish internal service funds.

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Subject: Fiduciary Funds
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Fiduciary fund reporting focuses on net assets and changes in net assets. Fiduciary funds should be used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and agency funds. The three types of trust funds should be used to report resources held and administered by the reporting government when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished from agency funds generally by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Pension (and other employee benefit) trust funds should be used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans, or other employee benefit plans. The mere fact that a government offers pension benefits or other benefits to its employees does not necessarily mean that the government should report a pension (or other employee benefit) trust fund. Rather, the critical factor is whether a government is *holding resources in trust* for that purpose.

GAAP require the use of separate trust funds for each individual pension plan. A pension plan is an arrangement where all assets accumulated for the payment of benefits may legally be used to pay any member of beneficiary. If certain assets are legally restricted to the payment of certain members or beneficiaries, then there is more than one pension plan for financial reporting purposes.

Investment trust funds should be used to report the external portion of investment pools reported by the sponsoring government. Investment trust funds are created when legally separate governments commingle or pool their resources in an investment portfolio for the benefit of all participants. If the sponsoring government is participant, the arrangement is referred to as a mixed pool and only the external portion of the pool's resources are reported in the investment trust fund.

Private-purpose trust funds should be used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Agency funds should be used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds, unlike trust funds, typically do *not* involve a formal trust agreement. Rather, agency funds are used to account for situations where the government's role is purely custodial, such as the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations, or other governments. Accordingly, all assets reported in an agency fund are offset by a liability to the party on whose behalf they are held.

Agency funds are most commonly used to account for taxes collected by one government on behalf of other governments. GAAP require the use of an agency fund to account for debt service transactions involving special assessment debt for which the government is not obligated in any manner. That is,

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Reference: IV. A.04
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Subject: Fiduciary Funds
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property tax collections related to the repayment of no-commitment special assessment debt must be accounted for in an agency fund pending their remittance to bondholders. GAAP also mandate the use of an agency fund to account for pass-through grants that are equivalent to pure cash conduits. To qualify as a pure cash conduit, a grant must have no administrative involvement and no direct financial involvement with the grant program.

There may be financial relationships that exist between a town and the public or other organizations that require special accounting treatment by the town in a trust and agency fund. These relationships and conditions are usually governed by ordinances, statutes, regulations, trust indenture agreements or other contractual arrangements. The following excerpts from the 1980 edition of “*Governmental Accounting Auditing, and Financial Reporting*” published by the GFOA, explain the various types of trust and agency funds and their related accounting treatment:

TRUST AND AGENCY FUNDS are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. In Statement 1, the NCGA further classified trust and agency funds as pension trust, nonexpendable trust, expendable trust, and agency funds.

Pension trust funds are used to account for public employee retirement systems (PERS). PERS provide retirement annuities to eligible government employees and may also provide related benefits such as disability and survivor annuities.

Nonexpendable trust funds are those whose principal must be preserved intact. Nonexpendable trust funds are most often used to account for the principal portion of endowments provided to a government by private donors with the stipulation that their principal be preserved intact. For example, a donor might specify that the principal of an endowment be preserved intact and invested with the resultant income to be used to provide scholarship aid to needy students within the government’s jurisdiction who might not otherwise be able to attend college.

Expendable trust funds are those whose principal and income may be expended in the course of their designated operations. Expendable trust funds are most often used to account for income amounts transferred to them from non-expendable trust funds. Expendable trust funds may also be used to account for endowments whose principal may be expended in the course of their designated operations. However, under Statement 1, the use of expendable trust funds should generally be limited to instances where legally mandated or where a formal legal trustee relationship exists. *Amounts currently available for expenditure for general governmental operating purposes should generally be accounted for in the general fund or in special revenue funds.* (Emphasis added.)

Under Statement 1, agency funds are custodial in nature (assets equal liabilities) and do not

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involve measurement of results of operations. Agency funds are merely clearing accounts. At any given point in time, total agency fund assets are equally offset by related liabilities, including amounts due to the parties for whom the assets are being held by the government. Agency funds have no fund equity. Since revenues, expenditures, and expenses are increases and decreases in fund equity, agency funds do not involve measurement of revenues, expenditures, or expenses. Agency funds do not have GAAP operations or GAAP operating statements.

The NCGA permits governments to temporarily account for resources of other funds in agency funds. However, agency funds may not be used to defer revenue recognition for individual revenue items beyond the period in which they would otherwise be recognized.

Common examples of agency funds are: (1) tax collection funds used to account for property taxes billed and collected by one local government on behalf of another; and (2) performance deposit funds used to account for refundable deposits required of various licensees. Some governments also use agency funds to account for the accumulation of employee payroll withholdings to be remitted in lump sums to appropriate vendors. However, such amounts may also properly be accounted for in the funds from which the related salary amounts are paid.

As previously noted, all funds of a government are accounted for as governmental or proprietary. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Accordingly, they are accounted for on a "spending" measurement focus using the modified accrual basis of accounting.

Nonexpendable trust and pension trust funds are accounted for in essentially the same manner as proprietary funds. Accordingly, assets and liabilities are recognized when they occur, regardless of the timing of related cash flows.

Agency funds do not involve measurement of results of operations. They have no measurement focus as such. Under Statement 1, agency funds are accounted for using the modified accrual basis of accounting. Accordingly, assets and liabilities are recognized when they occur, regardless of the timing of related cash flows.

Cemetery perpetual care funds are nonexpendable trust funds that are invested to provide interest income which should be receipted directly to the general fund to aid in financing the function of cemetery care.

STATE OF UTAH

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Reference: IV. B.01
Page: 1 of 2
Subject: Record Keeping Requirements
Effective Date: 1 April 1986
Revision Date: 1 July 2005

The record keeping requirements discussed in this section refer to the financial transactions of the town. However, there are other records of a non-financial nature that must be maintained. Reference should be made to the record retention requirements discussed in section I. C.11 for both financial and non-financial records.

Both the town clerk and treasurer have responsibility for maintaining the town financial records. While the council may exercise some latitude in determining which records will be maintained by the clerk and which will be maintained by the treasurer, certain records must be maintained by each to meet their legal responsibility (see discussion of clerk and treasurer fiscal responsibilities in section IV.E).

The accounting systems for towns range from hand posted ledgers to posting machines and even computers. Accordingly, specific forms and procedures for maintaining the accounting records are not mandated and presented in this manual. Those forms that are presented are for illustration purposes and other forms and procedures that meet the same objectives may be used. A few towns use the yellow "Municipal Accounting Forms" developed by the League of Cities and Towns and the State Auditor's Office years ago. These forms may still be used, but again, are not mandated.

Regardless of what forms, procedures, and account numbers are used, the financial records maintained should identify the nature and source of all revenues and expenditures and segregate them into the appropriate fund.

Receipts issued by the treasurer for money received by the town should be prenumbered and all receipts, including those voided, should be accounted for. Where receipts are not issued, evidence of payment must be appropriately recorded and verifiable. For example, a treasurer may not issue a receipt to someone paying a utility bill by check where a specific payment history is maintained for each customer, but the treasurer would always need to issue a receipt to someone paying a utility bill in cash.

All expenditures should be paid by check. Prenumbered checks should be used and all checks, including those voided, accounted for. Multiple copy checks are much better for a town to use than single copy checks with a check stub.

Bank statements should be reconciled monthly and agreed to the clerk's and treasurer's records of cash receipts and disbursements. **This is an extremely valuable step for those towns doing their own financial reports and filling out the State Auditor forms.**

Records should be maintained of all amounts owed to the town, such as customer utility charges.

Records should be maintained of all assets owned by the town such as equipment, property, etc. Also, records of bonds or other debts owed by the town should be maintained.

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Mayors and councils as well as clerks and treasurers should have a good understanding of what revenues the town will be collecting and someone independent of the person receiving the money should periodically review the records to make sure all money due the town has been collected and deposited on a timely basis. Most towns do not have full scope independent audits and even those that do should not rely upon the independent auditor to identify problems or record keeping procedures that need to be improved. The mayor and council should assume their responsibility to ensure that appropriate financial records are maintained by their town.

The Treasurer's Cash Statement found on the next page can be used to record cash receipts and disbursements as they occur.

TREASURER'S CASH STATEMENT

TOWN

Page__

[illegible]

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV. B.03
Page: 1 of 1
Subject: Simplified Chart of Accounts
Effective Date: 1 April 1987
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REFER TO SECTION I. C.10 FOR THE SIMPLIFIED CHART OF ACCOUNTS

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV. C.01
Page: 1 of 1
Subject: Budgetary Procedures - Introduction
Effective Date: 1 April 1986
Revision Date: 1 July 2005

The significance of a town's budget process cannot be overemphasized. The budget process is an essential element in the financial planning, control and evaluation of a town and it provides the opportunity for those citizens paying for governmental services to be heard by their elected representatives. Recognizing the significance of the budget process, the Utah Legislature has set forth laws that define the budget process, both for the protection of the taxpayers and for the elected and appointed town officials. The Uniform Fiscal Procedures Act for Utah Towns contains those laws. For ease of understanding, the laws pertaining to the normal budget process have been summarized on the following pages. The complete text of these laws is provided in Section IV.G.02 and should be referred to as needed.

Utah Code, Section 10-5-106 defines the mayor as the individual responsible for preparing the town budget. The mayor may delegate the actual preparation of the budget to other town officials, but the mayor is responsible for ensuring that the budget document is prepared and available for public inspection at least seven days prior to its adoption.

The budget laws recognize the benefits of uniform budgets which can be compared from one year to the next and can also be compared with other towns. The State Auditor is charged with providing these uniform budget forms and ensuring that they are completed and on file in the State Auditor's Office for public inspection.

Budgets are estimates, and therefore, from time to time it may be necessary to amend the town's budget. Town budgets can and should be amended if it is apparent that expenditures are going to exceed the budget for any reason. Budgets can be amended as late as the last day of the fiscal year. A budget is also an appropriation of funds. Therefore, it is not permissible to amend the budget after the fiscal year has ended. The procedures for amending a budget are essentially the same as to adopt a budget originally, except the town is not required to send a copy to the State Auditor.

While towns are required to adopt budgets for the general fund, special revenue, debt service, capital project and enterprise funds and submit them to the State Auditor's Office, the only budgets that are required to be presented in the financial report are the general fund and major special revenue funds.

Section I.B.02.01 includes a property tax calendar to assist you in meeting the budgetary requirements and deadlines.

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV. C.02
Page: 1 of 2
Subject: Summary of Budget Procedures and Timetable
Effective Date: 1 April 1987
Revision Date: 1 July 2005

The following summary should be reviewed and understood by all elected and appointed town officials, including all department heads. Officials directly involved in the budget approval and modification processes should become familiar with the complete text of these budget laws, as well as all other budgetary procedures and laws discussed in this section of the manual.

In 1985 and 1986 the Legislature passed two bills relating to “truth in taxation” which affect municipalities in the requirements and procedures necessary in budgeting and setting tax levies. These items are covered in more detail in the General Section, I.B.02.

UTAH CODE SECTION

BUDGET PREPARATION AND ADOPTION

- | | |
|---------------------------------------|--|
| 10-5-106 | Mayor to prepare budget for general, special revenue, debt service, capital improvement and enterprise funds. |
| 10-5-107 | Tentative budget including all estimated revenues and all appropriations for expenditures required to be prepared and available for public inspection for seven days prior to adoption. Property tax levy to be determined by how much property tax needs to be raised to balance the budget. |
| 10-5-108 | Town council to hold public hearing to receive public comment on the budget. Notice of such meeting to be published in newspaper or posted 48 hours prior to hearing. (Refer to explanation under summary of 10-5-109) |
| 10-5-109,
59-2-924(3),
10-5-112 | Before June 22, the proposed tax rate and budget is adopted by resolution or ordinance. If there is no increase in the certified tax rate, a final budget is adopted before June 22. Copy of budget to be certified by budget officer and filed with State Auditor within thirty days of adoption. |

The proposed or final tax rate must also be submitted to county auditor before June 22. If the town sets a proposed tax rate which exceeds the certified tax rate, it shall not adopt its final budget until the public hearing specified in *Utah Code* Section 59-2-919 has been held. Until the hearing is held and a final budget and tax rate are adopted, the town may expend monies based on, (1) its tentative budget after adoption, or (2) its prior year's adopted final budget as amended, which must be readopted by resolution at a regular meeting of the governing body. Latest possible date for adoption in the case of an increased tax rate is August 17 (copy due to State Auditor within thirty days of adoption).

Budget shall be in effect subject to later amendment and shall be available for public

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV. C.02
Page: 2 of 2
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- 10-5-110 inspection.
- 10-5-111 Budgeted property taxes are the basis for determining the property tax levy.
- 10-5-116 Council may, by resolution, transfer unexpended appropriation from one department to another department within the same fund or they may reduce the budget in any department or fund. Specific restrictions apply.
- 10-5-117 Council may increase the total budget in a fund after meeting notification and public hearing requirements specified in 10-5-108. A public hearing is not required for an increase in the enterprise fund budget.

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV. C.03
Page: 1 of 1
Subject: Enterprise Fund Budgets
Effective Date: 1 April 1986
Revision Date: 1 July 2005

A town is required to adopt a budget for enterprise funds (such as a water utility fund) in the same manner as prescribed for other funds. A town should not expend more than is budgeted in any fund, including enterprise funds. However, in the event expenses are higher than anticipated and there are available resources that may be expended, the town council may increase the budget of an enterprise fund without the necessity of holding a public hearing. This amendment should be done by ordinance or resolution indicating formal action by the council and a clear record should be made of the proceedings. (See *Utah Code*, Section 10-5-117.)

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV. C.04
Page: 1 of 2
Subject: Fund Balance - Accumulation, Usage, and Deficits
Effective Date: 1 April 1986
Revision Date: 1 July 2005

Utah Code, Section 10-5-113 states:

- (1) Towns may accumulate retained earning or fund balances, as appropriate, in any fund.
- (2) The accumulation of a fund balance in the general fund may not exceed 75% of the total estimated revenue of the general fund.
- (3) The council may, in any budget year, appropriate from estimated revenue or excess fund balance in the general fund to a reserve for capital improvements, for the purpose of financing future specified capital improvements, pursuant to a formal long-range capital plan adopted by the governing body. The reserves may accumulate from year to year in a capital improvements fund until the accumulated total is sufficient to permit economical expenditure for the specified purposes.

In the event that the fund balance in the general fund is in excess of that allowed at the end of the fiscal year, the town has one year to decide what they are going to use it for. This excess must be included as available resources to the general fund. It then can be appropriated through the budget process to reduce bonded indebtedness, transferred to a capital projects fund or left as an available resource in the general fund which would have the effect of reducing current year property taxes.

In determining what is to be considered in calculating excess fund balance in the general fund, the State Auditor has determined that money received with specific restrictions on how the money can be used, such as state-allocated Class C road funds, or State Liquor fund allotment, should not be included.

Even though the accumulation of fund balances in funds other than the general fund is not restricted, these funds are established for a specific purpose and the usage of the accumulated fund balance in any of these funds is restricted for those purposes. When those purposes no longer exist, the fund balances are to be disposed of in the manner provided by *Utah Code*, Section 10-5-119:

Whenever the necessity for maintaining any special fund of a town has ceased to exist and a balance remains in the fund, the governing body shall authorize the transfer of the balance to the fund balance account in the general fund of the town, subject to the following:

- (1) Any balance remaining in a special assessment fund and any unrequired balance in its special improvements guaranty fund shall be treated in the manner provided in Section 17A-3-332;

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV. C.04
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Subject: Fund Balance - Accumulation, Usage, and Deficits
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- (2) Any balance remaining in a capital improvements or capital projects fund shall be transferred to the appropriate debt service fund or other fund as the bond ordinance may require and otherwise to the fund balance account in the general fund;
- (3) Whenever any balance held in a trust fund for a specific purpose, other than a cemetery perpetual care trust fund, is to be transferred because its original purpose or restriction has ceased to exist, a public hearing shall be held in the manner provided in Sections 10-5-108 and 10-5-109. The published notice shall invite those persons who contributed to the fund to appear at the hearing. If the council determines the fund balance amounts are refundable to the original contributors, a 30-day period following the hearing shall be allowed for persons having an interest in the fund to file with the council a verified claim only for the amount of each claimant's contributions. Any claim not filed in accordance with this section shall be invalid. Any balance remaining, after refunds to eligible contributors, shall be transferred to the fund balance account in the general fund of the town; and
- (4) Whenever the council decides, in conformity with applicable laws and ordinances, that the need for continued maintenance of its cemetery perpetual care trust fund no longer exists, it may transfer the balance in such fund to the capital improvements fund for expenditure for land, buildings, and major improvements to be used exclusively for cemetery purposes.

Some towns find themselves with a deficit fund balance in one or more of their funds. The State Auditor has taken the position that a deficit, created by expenditures being made in excess of those budgeted, is an illegally created debt in violation of the Utah Constitution, Section XIV(3). As such, the total deficit should be budgeted to be made up in the following fiscal year.

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV. C.04.01
Page: 1 of 1
Subject: Budgeting for Contributions and Transfers
Effective Date: 1 April 1997
Revision Date: 1 July 2005

A transfer is the movement of cash or other resources from one fund to another. In this sense, “fund”, means a generally accepted fund type such as the general fund, debt service fund, capital project fund, or enterprise fund. This does not mean an account within the town, a savings account at the bank or the Public Treasurers Investment Pool at the State Treasurer’s Office. In addition, it does not mean beginning fund balance. A transfer is the movement of cash from one generally accepted fund to another.

Transfers between funds that do not represent loans, reimbursements, or quasi-external transactions are operating transfers and must balance. That is, transfers-in must equal transfers-out. For example, funds transferred from the general fund to the debt service fund to service general obligation debt is an operating transfer from the general fund and does not become an expenditure until paid out by the debt service fund.

It should be noted that when one fund provides a service for another fund (ie. general fund performs billing and overhead services for the enterprise fund) the reimbursement should be recognized as revenue to the fund performing the service and an expense to the fund receiving the service. This should NOT be considered a transfer or a contribution.

Contributions between funds, on the other hand, are used to either seed or close a fund, in effect, making them equity transfers. Contributions are, as the name indicates, contributions of cash or other resources which are not expected to be paid back or the result of any service of value rendered the donating fund. Contributions could be a gift from a private source. Contributions between funds must also balance.

Towns should ensure (1) that the terms “transfer” and “contribution” are properly applied as they submit their budgets, (2) that they are identified as to source and destination, and (3) that they balance.

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV. C.05
Page: 1 of 1
Subject: Emergency Expenditures
Effective Date: 1 April 1986
Revision Date: 1 July 2005

Utah Code, Section 10-5-118 provides the town council with the authority to increase expenditures without a public hearing, and even incur a deficit in the fund balance of the general fund in the case of an emergency. However, the definition of an emergency as set forth in the law is restrictive to such things as natural calamities and the authority provided by this section may not be used for other reasons, such as to cover unbudgeted expenditures.

- 10-5-118. Emergency expenditures.
The council, on determining that an emergency exists, such as widespread damage from fire, flood, or earthquake, and that the emergency necessitates the expenditures of money in excess of the budget of the general fund, may amend the budget and authorize such expenditures as may be reasonably necessary to meet the emergency.

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV. C.06
Page: 1 of 1
Subject: Interfund Loans and Subsidies
Effective Date: 1 April 1986
Revision Date: 1 July 2005

Utah Code, Section 10-5-120 provides for loans by one fund to another:

Subject to restrictions imposed by bond ordinance, statute, or other controlling regulations, the council may (1) authorize interfund loans from one fund to another at such interest rates and upon such repayment terms and conditions as it may prescribe, and (2) with available cash in any fund, purchase or otherwise acquire for investment unmatured bonds of the town or of any fund of the town.

These loans may not be made for the purpose of covering an operating deficit in any of the funds of the town that were incurred in violation of budgetary laws. A loan from another fund of the town is not revenue to the recipient fund but rather should be recorded as a liability to that fund.

While it is the general objective of sound budgetary procedures that the general fund and enterprise funds of a town not require operating subsidy from each other, such transfers may be made. However, such subsidy would be required to be clearly identified in the budget on which a public hearing was held.

STATE OF UTAH

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Reference: IV. C.07
Page: 1 of 1
Subject: Town Budget Form Instructions
Effective Date: 1 April 1987
Revision Date: 1 July 2005

In accordance with *Utah Code*, Section 59-2-913, all Utah towns must prepare a budget which has been duly adopted and approved before they can set a property tax levy. The Fiscal Procedures Act for Utah Towns does not change this requirement but does provide directions and procedures to be followed in the budget process. *Utah Code* Section IV. C.02 of this manual contains a summary of fiscal laws relating to the preparation, adoption and modification of budgets.

The budget approved and adopted by the town council must not be in excess of the estimated expendable revenue for the budget year for any fund as required by *Utah Code*, Section 10-5-114. The prior year's ending fund balance may be included in the resources available to be appropriated for the current year's expenditures. If this is done, it should be shown on the budget form as a source of revenue in the budget. As explained in *Utah Code* Section 10-5-113, the accumulation of a fund balance in the general fund shall not exceed 75% of the total estimated revenue of the general fund. Fund balance accumulation in excess of the 75% is required to be appropriated within the following fiscal year.

Any special revenues which coincide with general fund operations should be budgeted within the general fund budget. Such revenues are class C road funds, appropriate federal grants, etc. A separate budget may be prepared for these types of funds for the town's internal use. However, the related revenues and expenditures should also appear in the general fund. A special revenue fund budget form should be used in this instance and should be clearly marked "memorandum budget only" in order that persons reviewing the budget are made aware that the revenue and expenditure amounts are included in the totals of another budget.

Annually the State Auditor's Office will be sending two copies of the green budget forms to all towns. However, if these forms fail to reach the town, the example forms in section IV. C.08 may be photocopied and used. These can also be obtained by downloading them from the State Auditor's web site at www.sao.utah.gov. One copy of the completed budget forms should be returned to the State Auditor's Office in accordance with *Utah Code*, Sections 10-5-109.

The budget forms contain a provision for each of the various fund types as set forth by professional accounting standards (Generally Accepted Accounting Principles). However, every town may not have need for all fund types. Depending on each town's individual circumstances, the various funds and the applicable budget forms may be utilized.

For questions about these forms or assistance in completing them, please contact the State Auditor's Office (Richard Moon 538-1334 or 1-800-622-1243) or your independent auditor.

BUDGET INSTRUCTIONS

Budget forms submitted must present a balanced budget as required by *Utah Code* Section 10-5-105 through 109. In the general fund and special revenue funds, **budgeted expenditures must equal budgeted revenues.**

If prior year surplus amounts are to be appropriated in a budget, the amount is to be presented as a source of revenue in the budget. Also, any budgeted increase in a fund balance must be presented as an expenditure within the appropriate budget.

Any special revenues which coincide with general fund operations should be budgeted within the general fund budget. Examples of such revenues are: Class “C” road, and appropriate federal grants, etc. A separate budget may be prepared for these types of funds with the expenditures shown as transfers to the general fund or other funds. The form for special revenue funds should be used if this is the case.

NOTE:

- The enterprise budget form is an accrual basis budget. While we acknowledge that a cash flow analysis is critical to the effective operation of any organization, it is more important to know whether the enterprise is operating at a profit or loss on current year revenues and expenses in a fiscal year period. Since enterprise funds are required to follow the same accounting principles for determining profit or loss that a private company is, it must be recognized that certain items such as bond proceeds are not revenues even though they provide cash, and items such as construction and major improvements of systems and debt repayment are not expenses even though they use cash. Accordingly, it would be helpful for the town to use the cash reconciliation section provided at the bottom of the form for cash flow analysis. Net income (loss) should not reflect retained earnings.
- A separate budget should be submitted for each enterprise function, such as water and electric. A combined budget may be prepared only if the function of the enterprise is closely related, such as water and sewer.
- Bonds to be repaid from enterprise funds should be budgeted and reported in the enterprise fund rather than the debt service fund.

See page 2 of section IV.C.02 in the Uniform Accounting Manual for a summary of fiscal laws relating to the preparation, adoption and modification of budgets.

TOWN

FISCAL YEAR

CERTIFICATION OF BUDGET

ADOPTION OF BUDGET INFORMATION

In compliance with *Utah Code* Sections 10-5-107, 10-5-109, 59-2-919, 59-9-923, as amended which states in effect:

At least seven days prior to its adoption, the mayor shall prepare for the ensuing year, on form provided by the State Auditor, a tentative budget for each fund for which a budget is required. The council shall review, consider and tentatively adopt the tentative budget and shall establish the time and place of the public hearing to receive public comment on the budget. Before June 22, or in the case of a property tax increase before August 17, the governing body shall by resolution or ordinance adopt a budget for the ensuing fiscal period for each fund for which a budget is required. A copy of the final budget for each fund shall be filed with the State Auditor within 30 days after adoption.

I, the undersigned, certify that the attached budget document is a true and correct copy of the budget of _____ Town for the fiscal year ending _____ as approved and adopted by resolution or ordinance dated _____.
A public hearing meeting the requirements specified in Utah Code section (indicate which):

- ☐ 10-5-109 (no increase in tax rate - final budget adopted before June 22)
☐ 59-2-919 (increase in tax rate - final budget adopted before August 17)

was held on _____ for all budgetary funds.

Signed:

(Budget Officer)

Subscribed and sworn to this

day of _____, 20____.

(Notary Public)

Governmental Unit

Fiscal Year

GENERAL FUND REVENUES

Account Number	Source of Revenue	Prior Year Actual Revenue 20_____	Current Year Estimate	Ensuing Year Approved Budget Appropriation
	TAXES			
	General Property Taxes - Current			
	Prior Years' Taxes - Delinquent			
	General Sales & Use Taxes			
	Fee-in-Lieu of Property Taxes			
	LICENSES AND PERMITS			
	Business Licenses & Permits			
	Professional & Occupational			
	INTERGOVERNMENTAL REVENUE			
	Federal Grants			
	State Grants			
	State Shared Revenue			
	Class "C" Road Fund Allotment			
	Liquor Fund Allotment			
	Grants from Local Units: _____			
	FEMA Reimbursement			
	CHARGES FOR SERVICES			
	General Government			
	Cemeteries			
	Miscellaneous Services: _____			
	MISCELLANEOUS REVENUE			
	Interest Earnings			
	Rents and concessions			
	Sale of Fixed Assets			
	Other Financing - Capital Lease Obligations			
	CONTRIBUTIONS AND TRANSFERS			
	Transfer from:			
	Transfer from:			
	Contribution from private sources:			
	Excess Beg. Fund Bal. to be Appropriated			
	TOTAL REVENUES			

Governmental Unit

Fiscal Year

GENERAL FUND EXPENDITURES

Account Number	Nature of Expenditure	Prior Year Actual Expenditures 20_____	Current Year Estimate	Ensuing Year Approved Budget Appropriation
	GENERAL GOVERNMENT			
	Administration			
	Professional Services (Accounting, Legal, Engineering, etc.)			
	Elections			
	Other:			
	PUBLIC SAFETY			
	Police Department			
	Fire Department			
	HIGHWAYS AND STREETS			
	Construction			
	Repair and Maintenance			
	Other:			
	SANITATION (Garbage Collection)			
	HEALTH AND WELFARE			
	CULTURE & RECREATION			
	Recreation			
	Parks			
	Cemetery			
	COMMUNITY & ECONOMIC DEVELOP.			
	CAPITAL OUTLAY (Purch.of fixed assets)			
	TRANSFERS AND OTHER USES			
	Transfer to:			
	Transfer to:			
	Budgeted Increase in Fund Balance			
	TOTAL EXPENDITURES			

Governmental Unit

Fiscal Year

SPECIAL REVENUE FUND (Explain Nature of Fund)

FORM 1

Account Number	Description	Prior Year Actual 20____	Current Year Estimate	Ensuing Year Approved Budget Appropriation
	REVENUES:			
	OTHER SOURCES:			
	Transfer from:			
	Usage of beginning fund balance			
	TOTAL REVENUES & OTHER SOURCES			
	EXPENDITURES:			
	OTHER USES:			
	Transfer to:			
	Budgeted increase in fund balance			
	TOTAL EXPENDITURES & OTHER USES			

CAPITAL PROJECTS FUND

FORM 4

Account Number	Description	Prior Year Actual 20____	Current Year Estimate	Ensuing Year Approved Budget Appropriation
	REVENUES:			
	Transfers from General Fund			
	Interest Income			
	Other Additions			
	TOTAL REVENUE			
	Begining Fund Balance			
	TOTAL AVAILABLE FOR APPROPR.			
	EXPENDITURES:			
	TOTAL EXPENDITURES			
	Ending Fund Balance			

Governmental Unit

Fiscal Year

DEBT SERVICE FUND (All Bond Issues Except Utility Funds)

FORM 2

[illegible]

Governmental Unit

Fiscal Year

ENTERPRISE FUND

FORM 3

Account Number	Description	Prior Year Actual 20_____	Current Year Estimate	Ensuing Year Approved Budget Appropriation
	OPERATING REVENUE:			
	Charges for Services			
	Interest Earned			
	Other: _____			
	TOTAL OPERATING REVENUE			
	OPERATING EXPENSES:			
	Personal Services			
	Contractual Services			
	Material and Supplies			
	Depreciation			
	Other			
	TOTAL OPERATING EXPENSE			
	OPERATING INCOME (LOSS)			
	NON-OPERATING REVENUE (EXPENSES)			
	AND TRANSFERS:			
	Connection Fees			
	Interest Expense			
	Operating transfers from:			
	Operating transfers to:			
	NET INCOME (LOSS)			

ANALYSIS OF CASH REQUIREMENTS:

	CASH OPERATING NEEDS:			
	Net Income (Loss)			
	Plus: Depreciation			
	Less: Major Improvements & Capital Outlay			
	Bond Principal Payments			
	TOTAL CASH PROVIDED (REQUIRED)			
	SOURCE OF CASH REQUIRED:			
	Cash Balance at Beginning of Year			
	Invest. & Other Curr. Assets to be Converted			
	Issuance of Bonds and Other Debt			
	Loans from Other Funds			
	TOTAL CASH REQUIRED			

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV. D.01
Page: 1 of 1
Subject: Interim Financial Reports
Effective Date: 1 April 1986
Revision Date: 1 July 2005

The town clerk and/or treasurer is required to prepare and present on a quarterly basis to the council at council meeting, a financial statement showing the financial position of the town and the budgeted and actual revenues and expenditures to date. The council may require that this report be prepared on a monthly basis if they prefer and feel that is advantageous. See the example of a suggested format contained in section IV.D.02.

The State Auditor also recommends that on a monthly basis the town treasurer prepare a monthly cash and investment report using a format similar to that illustrated in section IV.D.02. This statement will summarize the month's cash receipts, cash disbursements, and the beginning and ending cash and investment balances for the month for each fund the town maintains. **This is an extremely valuable procedure for those towns doing their own financial reports and filling out the State Auditor forms.**

MONTHLY SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS
WITH BEGINNING AND ENDING CASH AND INVESTMENT BALANCES

Month of _____

	GENERAL FUND	SPECIAL REVENUE FUND(S)	DEBT SERVICE FUND(S)	CAPITAL PROJECTS FUND(S)	TRUST & AGENCY FUND(S)	<u> </u> FUND(S)	TOTAL
Beginning Cash Balances	_____	_____	_____	_____	_____	_____	_____
PLUS: Cash receipts	_____	_____	_____	_____	_____	_____	_____
PLUS: Investments converted to cash	_____	_____	_____	_____	_____	_____	_____
LESS: Cash disbursements	(_____)	(_____)	(_____)	(_____)	(_____)	(_____)	(_____)
LESS: Cash invested	(_____)	(_____)	(_____)	(_____)	(_____)	(_____)	(_____)
Ending cash balances	_____	_____	_____	_____	_____	_____	_____
Ending investment balances	_____	_____	_____	_____	_____	_____	_____

ILLUSTRATED INTERIM FINANCIAL REPORT
AND COMPARISON WITH THE BUDGET
Governmental Fund Types
(General, Special Revenue, Debt Service, Capital Projects)

_____ FUND

FOR THE _____ MONTHS ENDED _____

	Annual Budget	Current Period	Year to Date	Percent of Budget	
				Current Year	Prior Year
REVENUES:					
Property tax					
Sales tax					
Intergovernmental					
Fines/forfeitures					
Other: _____					
TOTAL REVENUES					
EXPENDITURES:					
General government					
Public safety					
Public health					
Highways & public imprvmnts.					
Parks & recreation					
Economic development					
Principal & interest					
Capital outlay					
Other: _____					
TOTAL EXPENDITURES					
Excess of revenues over (under) expenditures					
OTHER FINANCING SOURCES & USES:					
Transfers from (to) other funds					
Other: _____					
TOTAL OTHER FINANCING SOURCES & USES					
Excess of revenues over (under) expenditures & other sources & uses					

ILLUSTRATED INTERIM FINANCIAL REPORT
AND COMPARISON WITH THE BUDGET
Enterprise and Similar Fund Operations

_____ FUND

FOR THE _____ MONTHS ENDED _____

	Annual Budget	Current Period	Year to Date	Percent of Budget	
				Current Year	Prior Year
REVENUES:					
Charges for services	_____	_____	_____	_____	_____
Interest	_____	_____	_____	_____	_____
Contributions/Grants	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____
TOTAL REVENUES	_____	_____	_____	_____	_____
EXPENSES:					
Personal services	_____	_____	_____	_____	_____
Contractual services	_____	_____	_____	_____	_____
Materials & supplies	_____	_____	_____	_____	_____
Utilities	_____	_____	_____	_____	_____
Depreciation	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____
TOTAL EXPENSES	_____	_____	_____	_____	_____
Transfers from (to) other funds	_____	_____	_____	_____	_____
Net income	_____	_____	_____	_____	_____
Beginning retained earnings	_____	_____	_____	_____	_____
Ending retained earnings	=====	=====	=====	=====	=====

Reconciliation of Accounts Receivable
Customer Charges and Collections

Accounts receivable - beginning of period	\$ _____
ADD: Billings this period	\$ _____
(LESS): Collections this period	\$ _____
Accounts receivable - end of period	\$ _____

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV. D.03
Page: 1 of 2
Subject: Annual Financial Reports
Effective Date: 1 April 1987
Revision Date: 1 July 2005

The financial statements represent the final product of the entire process of accounting techniques and procedures employed to record the financial transactions of a town. They provide the administrative officials, the local citizens, state and federal agencies, etc., the tools with which to analyze and appraise the financial condition of a town and the results of its operations for a given period or periods of time. The financial statements of towns are also being reviewed and studied for a variety of other reasons, such as: impact studies for energy related or other issues, governmental consolidation and incorporation and other structural issues, and for comparing taxes and costs of services of one town to another similar in size.

Utah Code Section 51-2a-201 and 202 requires an annual financial report to be prepared and submitted to the State Auditor's Office by all political subdivisions, interlocal organizations, and other local entities.

These sections provide that unless required by the State Auditor, smaller governmental units may be exempt from the requirement to have an audit but they are still required to prepare or have prepared a financial report and file that report with the State Auditor's Office within six months after the end of the fiscal year. *Utah Code* Section 51-2a-201 establishes the following criteria:

- (1) The governing board of an entity whose revenues or expenditures of all funds is \$350,000 or more shall cause an audit to be made of its accounts by a competent certified accountant.
- (2) Unless otherwise required by the state auditor under Section 51-2a-301, the governing board of an entity whose revenues or expenditures of all funds is at least \$200,000 but less than \$350,000 shall cause a review to be made of its accounts by a certified public accountant.
- (3) Unless otherwise required by the state auditor under Section 51-2a-301 the governing board of an entity whose revenues or expenditures of all funds is at least \$100,000 but less than \$200,000 shall cause a compilation to be made of its accounts by a certified public accountant.
- (4) Unless otherwise required by the state auditor under Section 51-2a-301, the governing board of an entity whose revenues and expenditures of all funds is less than \$100,000 shall cause a fiscal report to be made on forms provided by the state auditor.

These forms consist of two statements - a Balance Sheet/Statement of Net Assets and a Statement of Revenues, Expenditures and Changes in Fund Balance/Equity. Although the format of these statements, as presented, is NOT in accordance with all requirements of Generally Accepted Accounting Principles, they should provide sufficient disclosure for smaller governmental units.

Both the Balance Sheet/Statement of Net Assets and the Statement of Revenues, Expenditures and Changes in Fund Balance/Equity have columns for several fund types. These are to be used on an "as needed" basis, with many small towns requiring only the general fund and perhaps the enterprise (utility) fund.

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV. D.03
Page: 2 of 2
Subject: Annual Financial Reports
Effective Date: 1 April 1987
Revision Date: 1 July 2005

The State Auditor's Office will not mail a copy of these financial statement forms to towns on an annual basis. Many towns will not need these forms and will be making arrangements with independent CPA firms to have an audit, review or compilation conducted. Therefore, those towns preparing their own financial statements should either make copies of the sample forms in the manual or request, on an annual basis, that the State Auditor send the appropriate financial report forms to the town.

A compilation of financial statements consists of presenting the financial information applicable to the town in a format that is in conformance with Generally Accepted Accounting Principles. Use of the proper format will allow comparability with financial statements of other towns and provide the needed financial information for research, monitoring, and other purposes. No test work, however, is performed by the independent certified public accountant and the amounts and contents of the financial statements are strictly the representations of the town officials.

A review report is substantially the same as a compilation, however, there is an additional inquiry and analytical review procedure performed in the financial statements which "provide the accountant with a reasonable basis for expressing limited assurance that there is no material modification that should be made to the statements in order for them to be in conformity with Generally Accepted Accounting Principles...."

CERTIFICATION OF FINANCIAL REPORT
FOR GOVERNMENTAL UNITS WITH REVENUES AND EXPENDITURES
LESS THAN \$100,000

We certify that the following schedules properly present the financial operations of the
_____ for the fiscal year ended _____, 20__.

MAYOR/BOARD CHAIRMAN DATE

BUDGET OFFICER/FINANCE DIR. DATE

Subscribed and sworn to this
day of _____, 20__.

(Notary Public)

(Place of Residence)

My Commission Expires:

(One copy of this financial report should be available for public inspection at the unit's office and another copy should be filed with the State Auditor's Office no later than six (6) months after the end of the fiscal year).

Name of Municipality _____

Balance Sheet/Statement of Net Assets

June 30, 2____

For Entities with Total Revenues or Expenditures less than \$100,000

	General Fund	Other Governmental (Spec. Rev., Debt Svs Cap Proj., Cem PC)	Reconciling Items Capital Assets & LT Debt	Total Governmental Activities	Business-type Activities Enterprise Fund
Assets					
Cash and cash equivalents	_____	_____		_____	_____
Investments	_____	_____		_____	_____
Receivables	_____	_____		_____	_____
Capital Assets					
Land					
Building			_____	_____	_____
Improvements other than buildings			_____	_____	_____
Equipment			_____	_____	_____
Infrastructure			_____	_____	_____
Construction in Progress			_____	_____	_____
Other:	_____	_____	_____	_____	_____
Total Assets	_____	_____	_____	_____	_____
Liabilities					
Accounts Payable	_____	_____		_____	_____
Interest Payable	_____	_____		_____	_____
Unearned Revenue	_____	_____	_____	_____	_____
Non-current Liabilities:					
Due within one year			_____	_____	_____
Due in more than one year			_____	_____	_____
Total Liabilities	_____	_____	_____	_____	_____
Fund Balance					
Reserved for: _____	_____	_____			
Unreserved	_____	_____			
Total Fund Balance	_____	_____			
Net Assets					
Invested in capital assets net of related debt				_____	_____
Restricted				_____	_____
Unrestricted				_____	_____
Total net assets				_____	_____

Name of Municipality _____
Statement of Revenues, Expenditures/Expenses and Changes in Fund Balance/Equity
For the fiscal year ended June 30, 2_____

For Entities with Total Revenues or Expenditures/Expenses less than \$100,000

	General Fund		Spec. Rev., Debt Services., Capital Proj., Cemetery PC		Enterprise Fund
	Budget	Actual	Budget	Actual	Actual
Revenues:					
Taxes: Property Tax					
Sales Tax					
Other Taxes					
Licenses and permits					
Charges for services					
Fines and forfeitures					
Federal grants					
State allocated road funds					
State grants					
Other miscellaneous					
Total Revenue					
Expenditures/Expenses:					
General Government:					
Salaries and wages					
Other operating expenses					
Public safety (police, fire, etc.)					
Highways and streets					
Sanitation and health					
Enterprise fund expenses:					
Salaries and wages					
Operating expenses					
Depreciation expense					
Culture and recreation					
Non-departmental expenditures					
Capital outlay					
Debt Service					
Total Expenditures/Expenses					
Excess of rev. over(under) expdtrs./exp.					
Transfers from other funds					
Transfers to other funds					
Excess of revenues and transfers over (under) expenditures/expenses					
Beginning fund balance/equity					
Ending fund balance/equity					

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV.D.03.02
Page:
Subject: Form instructions for small towns (under \$100,000)
Effective Date: 1 April 1986
Revision Date: 1 July 2005

The financial reporting forms for smaller towns were designed to be as simple as possible but still provide the information necessary to accurately report the financial activity and condition of the town. These instructions are provided to assist you in preparing the required financial reports.

The report forms may be used by a town if neither revenues nor expenditures exceed \$100,000. This limit is applied to the total of all funds reported. Revenues, in this case, would include bond proceeds, etc.

The town must first determine the appropriate fund category to use. Most smaller towns will use a general fund and often an enterprise fund. Generally, the majority of revenue received by the town is property taxes, which should be reported in a general fund. However, in many instances a town will have a utility (water, sewer, electricity, etc.) where the major revenue source is charges for services or user fees. The financial information for utilities should be reported in an enterprise fund.

Other fund types may be used as necessary. For example, the debt service fund is used to report the accumulation of funds for, and the payment of, general long-term debt principle and interest. Also, the capital projects fund is used to account for funds to be used for the purchase or construction of capital facilities. These funds should only be used where there is a general fund. Debt service and construction costs for an enterprise type activity should be reported in the enterprise fund.

All capital assets (land, buildings, machinery and equipment) related to the general fund and other governmental funds should be reported in the reconciling items column. All capital assets related to an enterprise fund such as a utility should be reported in the enterprise fund.

All long-term debt related to the general fund and other governmental funds should also be reported in this reconciling items column. As with capital assets, long-term debt related to an enterprise fund should be reported in the enterprise fund.

The cemetery perpetual care permanent fund (other governmental funds) is used by cemeteries to account for the assets and activity of a perpetual trust fund. In this case, use the general fund for operations financed from property taxes and the cemetery perpetual care permanent fund for reporting the assets and other transactions related to the perpetual care fund.

Following are line by line instructions for completing the financial reports.

Name of Municipality _____

Balance Sheet/Statement of Net Assets

June 30, 2____

For Entities with Total Revenues or Expenditures less than \$100,000

	General Fund	Other Governmental (Spec. Rev., Debt Svs Cap Proj., Cem PC)	Reconciling Items Capital Assets & LT Debt	Total Governmental Activities	Business-type Activities Enterprise Fund
Assets					
Cash and cash equivalents	1	13		37	58
Investments	2	14		38	59
Receivables	3	15		39	60
Capital Assets					
Land			25	40	61
Building			26	41	62
Improvements other than buildings			27	42	63
Equipment			28	43	64
Infrastructure			29	44	65
Construction in Progress			30	45	66
Other:	4	16	31	46	67
Total Assets	5	17	32	47	68
Liabilities					
Accounts Payable	6	18		48	69
Interest Payable	7	19	33	49	70
Unearned Revenue	8	20		50	71
Non-current Liabilities:					
Due within one year			34	51	72
Due in more than one year			35	52	73
Total Liabilities	9	21	36	53	74
Fund Balance					
Reserved for: _____	10	22			
Unreserved	11	23			
Total Fund Balance	12	24			
Net Assets					
Invested in capital assets net of related debt				54	75
Restricted				55	76
Unrestricted				56	77
Total net assets				57	78

Name of Municipality _____
Statement of Revenues, Expenditures/Expenses and Changes in Fund Balance/Equity
For the fiscal year ended June 30, 2_____

For Entities with Total Revenues or Expenditures/Expenses less than \$100,000

	General Fund		Spec. Rev., Debt Services., Capital Proj., Cemetery PC		Enterprise Fund
	Budget	Actual	Budget	Actual	Actual
Revenues:					
Taxes: Property Tax		A		A	A
Sales Tax		B		B	B
Other Taxes		C		C	C
Licenses and permits		D		D	D
Charges for services		E		E	E
Fines and forfeitures		F		F	F
Federal grants		G		G	G
State allocated road funds		H			
State grants		I		I	I
Other miscellaneous		J		J	J
Total Revenue		K		K	K
Expenditures/Expenses:					
General Government:					
Salaries and wages		L		L	L
Other operating expenses		M		M	M
Public safety (police, fire, etc.)		N		N	N
Highways and streets		O		O	O
Sanitation and health		P		P	P
Enterprise fund expenses:					
Salaries and wages					Q
Operating expenses					R
Depreciation expense					S
Culture and recreation		T		T	T
Non-departmental expenditures		U		U	U
Capital outlay		V		V	V
Debt Service		W		WW	WW
Total Expenditures/Expenses		X		X	X
Excess of rev. over(under) expdtrs./exp.		Y		Y	Y
Transfers from other funds		Z		Z	Z
Transfers to other funds		AA		AA	AA
Excess of revenues and transfers over (under) expenditures/expenses		BB		BB	BB
Beginning fund balance/equity		CC		CC	CC
Ending fund balance/equity		DD		DD	DD

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV.D.03.02
Page:
Subject: Form instructions for small towns (under \$100,000)
Effective Date: 1 April 1986
Revision Date: 1 July 2005

BALANCE SHEET

GENERAL FUND

- 1) CASH: Put on this line all amounts in your checking account and/or savings account on the reporting date. The reporting date for towns is June 30.
- 2) INVESTMENTS: This line includes all amounts invested in securities including certificates of deposit, repurchase agreements, amounts invested in the Public Treasurers' Pool, etc.
- 3) RECEIVABLES: These are amounts owed to the unit by other individual or entities on the reporting date.
- 4) OTHER: Any other asset categories such as "due from other funds."
- 5) TOTAL ASSETS: This is the total of lines (1) thru (4). $[(1) + (2) + (3) + (4) = (5)]$
- 6) ACCOUNTS PAYABLE: These are amounts owed by the unit to other individuals or entities on the reporting date.
- 7) INTEREST PAYABLE: This line is for recording interest amounts owed by the general fund on debt other than long-term debt.
- 8) UNEARNED REVENUE: Amounts received but not yet earned by the general fund.
- 9) TOTAL LIABILITIES: This is the total of lines (6) thru (8). $[(6) + (7) + (8) = (9)]$
- 10) RESERVED AMOUNTS: Use these lines to identify any fund balance amounts which are reserved for specific purposes. Please identify the restriction.
- 11) UNRESERVED FUND BALANCE: These are the remaining uncommitted funds on the reporting date. Generally, this amount can be calculated by taking Total Assets minus Total Liabilities minus Reserved Amounts. $[(5) - (9) - (10) = (11)]$
- 12) TOTAL FUND BALANCE: This is the total of lines (10) and (11). This line must equal the "ending fund balance / retained earnings" line on the Statement of Revenues, Expenditures and Changes in Fund Balances for the same fund.

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV.D.03.02
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Effective Date: 1 April 1986
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SPECIAL REVENUE, DEBT SERVICE, CAPITAL PROJECTS, CEMETERY PERPETUAL CARE

All governmental fund-type activities not reported in the general fund should be combined and reported in one column as shown on the report form. This includes activity in debt service, capital projects, special revenue and cemetery perpetual care funds.

- 13) CASH: Put on this line all amounts in your checking account and/or savings account on the reporting date. The reporting date for towns is June 30.
- 14) INVESTMENTS: This line includes all amounts invested in securities including certificates of deposit; repurchase agreements, amounts invested in the Public Treasurers' Pool, etc.
- 15) RECEIVABLES: These are amounts owed to the unit by other individuals or entities on the reporting date.
- 16) OTHER: Any other asset category such as "due from their funds."
- 17) TOTAL ASSETS: This is the total of lines (13) thru (16). $[(13) + (14) + (15) + (16) = (17)]$
- 18) ACCOUNTS PAYABLE: These are amounts owed by the unit to other individuals or entities on the reporting date.
- 19) INTEREST PAYABLE: This line is for recording interest amounts owed by governmental funds other than the general fund on debt other than long-term debt.
- 20) UNEARNED REVENUE: Amounts received but not yet earned by governmental funds other than the general fund.
- 21) TOTAL LIABILITIES: This is the total of lines (18) thru (20). $[(18) + (19) + (20) = (21)]$
- 22) RESERVED AMOUNTS: Use this line to identify any fund balance amounts which are reserved for specific purposes. Please identify the restriction.
- 23) UNRESERVED FUND BALANCE: These are the remaining uncommitted funds on the reporting date. Generally, this amount can be calculated by taking Total Assets minus Total Liabilities minus Reserved Amounts. $[(17) - (21) - (22) = (23)]$

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- 24) TOTAL FUND BALANCE: This is the total of lines (22) and (23). This line must equal the “ending fund balance / retained earnings” line on the Statement of Revenues, Expenditures and Changes in Fund Balances for the same fund [line (DD)].

RECONCILING ITEMS: CAPITAL ASSETS AND LONG TERM DEBT OF THE GOVERNMENTAL FUNDS

- 25) LAND: Record on this line the value of all land owned by the town which is used for governmental fund purposes. (All land used for business type activities should be reported in the enterprise fund column.) Use historical records to determine its value at purchase. If such records are not available, use the best estimate of its value when it was purchased or deeded to the town.
- 26) BUILDINGS: Record on this line the value of all buildings owned by the town which are being used for governmental fund purposes. (All buildings used for business-type activities should be reported in the enterprise fund column.) Use historical records to determine its value at purchase. If such records are not available, use the best estimate of its value when it was purchased or deeded to the town.
- 27) IMPROVEMENTS OTHER THAN BUILDINGS: Record the value of improvements made to facilities which are not classified as buildings or equipment used for or owned by governmental funds net of depreciation.
- 28) EQUIPMENT: Record on this line the value of all equipment owned by the town which is used for governmental fund purposes. (All machinery and equipment use for business-type activities should be reported in the enterprise fund column.) Use historical records to determine its value at purchase. If such records are not available, use the best estimate of its value when it was purchased or deed to the town. This should be net of depreciation.
- 29) INFRASTRUCTURE: Record on this line the value of long-lived capital assets that are normally stationary in nature and can be preserved for a significantly greater number of years than most capital assets. (ie. Roads, bridges, tunnels, etc.) (Although this information would be valuable and make the financial report more complete, smaller governmental entities are not required to go back and determine the value of infrastructure already in place. In other words, smaller governments are encouraged but not required to report major general infrastructure assets retroactively.)
- 30) CONSTRUCTION IN PROGRESS: This line is used to record any assets of the governmental funds which are currently under construction but are not yet complete.

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

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- 31) OTHER: The value of any other assets belonging to governmental funds not applicable to the categories listed above.
- 32) TOTAL ASSETS: This is the total of lines (25) thru (31). $[(25) + (26) + (27) + (28) + (29) + (30) + (31) = (32)]$
- 33) INTEREST ON LONG-TERM DEBT: Record the value of interest due on long-term debt obligations of the governmental funds.
- 34) DUE WITHIN ONE YEAR: Non-current liabilities that are due to be paid within one year.
- 35) DUE IN MORE THAN ONE YEAR: Non-current liabilities that are due to be paid in more than one year from the date of current financial report.
- 36) TOTAL LIABILITIES: This is the total of lines (33) thru (35). $[(33) + (34) + (35) = (36)]$

Lines 37 through 53

- TOTAL GOVERNMENTAL ACTIVITIES: This column is a total column of the values appearing in the first three columns and represents the total of all governmental activities.
- 54) INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT: Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible or intangible assets that are owned by governmental funds and used in entity's operations and have a useful life extending beyond one year net of related debt to purchase the asset. Related debt includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the government.
 - 55) RESTRICTED NET ASSETS: A component of net assets calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.
 - 56) UNRESTRICTED NET ASSETS: That portion of net assets that is neither restricted nor invested in capital assets (net of related debt.)
 - 57) TOTAL NET ASSETS: This is the total of lines (54) thru (56). $[(54) + (55) + (56) = (57)]$
 - 58) CASH: Put on this line all amounts in your enterprise fund checking account and/or savings account on the reporting date. The reporting date for towns is June 30.

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BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND

- 59) INVESTMENTS: This line includes all amounts of the enterprise fund invested in securities including certificates of deposit, repurchase agreements, amounts invested in the Public Treasurers' Pool, etc.
- 60) RECEIVABLES: These are amounts owed to the enterprise fund by other individuals or entities on the reporting date
- 61) LAND: Record on this line the value of all land owned by the town which is used for enterprise fund purposes. (All land used for general fund type purposes should be reported in the reconciling items column.) Use historical records to determine its value at purchase. If such records are not available, use the best estimate of its value when it was purchased or deeded to the town.
- 62) BUILDINGS: Record on this line the value of all buildings owned by the town which are being used for enterprise fund purposes. (All buildings used for general fund type purposes should be reported in the reconciling items column.) Use historical records to determine its value at purchase. If such records are not available, use the best estimate of its value when it was purchased or deeded to the town.
- 63) IMPROVEMENTS OTHER THAN BUILDINGS: Record the value of improvements made to facilities which are not classified as buildings or equipment used for or owned by the enterprise fund.
- 64) EQUIPMENT: Record on this line the value of all equipment owned by the town which is used for enterprise fund purposes. (All machinery and equipment use for general fund type purposes should be reported in the reconciling items column.) Use historical records to determine its value at purchase. If such records are not available, use the best estimate of its value when it was purchased or deeded to the town.
- 65) INFRASTRUCTURE: Record on this line the value of long-lived capital assets that are normally stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. (ie. water and sewer systems etc.) belonging to the enterprise fund.
- 66) CONSTRUCTION IN PROGRESS: This line is used to record any assets of the enterprise fund which are currently under construction but are not yet complete.
- 67) OTHER: The value of any other assets belonging to the enterprise fund not applicable to the categories listed above.

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- 68) TOTAL ASSETS: This is the total of lines 58) thru (67). [(58) + (59) + (60) + (61) + (62) + (63) + (64) + (65) + (66) + (67) = (68)]
- 69) ACCOUNTS PAYABLE: These are amounts owed by the enterprise fund to other individuals or entities on the reporting date.
- 70) INTEREST PAYABLE: This line is for recording amounts owed by the enterprise fund for interest on debt.
- 71) UNEARNED REVENUE: Record on this line any revenue received but not yet earned by the enterprise fund.
- 72) DUE WITHIN ONE YEAR: Non-current liabilities of the enterprise fund that are due to be paid within one year.
- 73) DUE IN MORE THAN ONE YEAR: Non-current liabilities of the enterprise fund that are due to be paid in more than one year from the date of current financial report.
- 74) TOTAL LIABILITIES: This is the total of lines (69) thru (73). [(69) + (70) + (71) + (72) + (73) = (74)]
- 75) INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT: Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible or intangible assets that are owned by the enterprise funds and used in entity's operations and have a useful life extending beyond one year net of related debt to purchase the asset.
- 76) RESTRICTED NET ASSETS: A component of net assets calculated by reducing the carrying value of restricted assets belonging to the enterprise fund by the amount of any related debt outstanding.
- 77) UNRESTRICTED NET ASSETS: That portion of net assets of the enterprise fund that is neither restricted nor invested in capital assets (net of related debt.)
- 78) TOTAL NET ASSETS: This is the total of lines (75) thru (77). [(75) + (76) + (77) = (78)]

STATE OF UTAH

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Reference: IV.D.03.02
Page:
Subject: Form instructions for small towns (under \$100,000)
Effective Date: 1 April 1986
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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL FUNDS

The same fund types should be used on the statement of revenues, expenditures, and changes in fund balances as on the balance sheet. Also, this statement requires both budget information and actual revenues and expenditures for most funds. The explanations given for each line apply for all funds and for budget amounts as well. Financial reports cannot be accepted without the budget information.

- (A) PROPERTY TAX: Report on this line all property taxes collected for the town by the county during the fiscal year. You may need to contact the county treasurer for assistance on determining the correct amount to put on this line. Generally accepted accounting principles for local governments require that any revenues collected by the county for you during the year must be recorded as revenue by the town even though the town may not receive that money until the new fiscal year. ABC County collected property taxes of \$1,500 during June 2004 which belong to XYZ town. However, the County did not pay these funds to the town until August 15, 2004. These property taxes (\$1,500) should be included in the revenue for the fiscal year ended June 30, 2004 even though the money was not received until August of 2004.
- (B) SALES TAX: Report on this line the total amount received for sales tax as distributed by the State Tax Commission during the fiscal year.
- (C) OTHER TAXES: This line may be used for any other taxes received by the town.
- (D) LICENSES AND PERMITS: Amounts reported on this line include any amounts received by a town from the sale of licenses or permits to individuals or entities.
- (E) CHARGES FOR SERVICES: This line item is used to report all revenues received from charges for services including water or sewer services, etc., or user fees.
- (F) FINES AND FORFEITURES: This line may be used for any revenues received from fines imposed or from forfeitures of bail or other deposits.
- (G) FEDERAL GRANTS: All federal revenues should be reported on this line.
- (H) STATE-ALLOCATED ROAD FUNDS: All "C" road funds received from UDOT should be reported on this line.

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- (I) STATE GRANTS: All grant revenues from state sources should be recorded on this line. You should be aware that often the funds received from state departments and agencies are actually federal funds and should be reported as such. If you are not sure whether the funds you have received are state or federal, contact the agency you received the funds from and ask them to identify them for you.
- (J) OTHER MISC: Any other revenues not described above should be recorded on this line with a description of the source of the revenue.
- (K) TOTAL REVENUE: This is the total of lines (A) through (J). $[(A) + (B) + (C) + (D) + (E) + (F) + (G) + (H) + (I) + (J) = (K)]$
- (L) thru (W)
- EXPENDITURES: Expenditures should be classified by function or department. If none of the specific categories seems to fit your type of town, then report your expenditures under general government and break out the expenditures into salaries and benefits and other operating expenses.
- (X) TOTAL EXPENDITURES/EXPENSES: This is the total of lines (L) through (W). $[L + M + N + O + P + Q + R + S + T + U + V + W = X]$
- (Y) EXCESS OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES: This is total revenues minus total expenditures. $[(K) - (X) = (Y)]$
- (Z) TRANSFERS FROM OTHER FUNDS:
- (AA) TRANSFERS TO OTHER FUNDS: These lines are used to record transfers between funds. The fund receiving the transferred money would report the receipt on line (Z). The fund transferring the money would report the transfer on line (AA). Amounts reported on line (AA) should be shown as negative amounts. Therefore, lines (Z) and (AA) should net to zero. These two lines cannot be used if the town has only one fund.
- (BB) EXCESS OF REVENUES AND TRANSFERS OVER (UNDER) EXPENDITURES / EXPENSES: This is the total of lines (Y) plus (Z) minus (AA). [Equal to line (Y) if the town has only one fund.]

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- (CC) BEGINNING FUND BALANCE/RETAINED EARNINGS: This is the fund balance at the beginning of the fiscal year. It can be obtained from the previous year's balance sheet account "Total Fund Equity". [Line 12 for the general fund; line 24 for the special revenues, debt service capital project and cemetery perpetual care funds; line 78 for the enterprise fund (retained earnings).] For very small towns that have only a checking and/or savings account and no other assets or liabilities, it will be the balance in the checking and/or savings account on the first day of the fiscal year.
- (DD) ENDING FUND BALANCE/RETAINED EARNINGS: This line is the total of lines (AA) plus (BB). This line must equal the "Total Fund Equity" line for the same fund on the balance sheet. [Line 12 for the general fund; line 24 for the special revenue, debt service, capital project and cemetery perpetual care funds; line 78 for the enterprise fund (retained earnings).]

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV. E. 01
Page: 1 of 2
Subject: Town Council Fiscal Responsibilities
Effective Date: 1 April 1987
Revision Date: 1 July 20057

The overall fiscal responsibility and accountability of a town rests with its governing body. Even though specific fiscal responsibilities are given by law to specific elected or appointed town officials, the governing body, through their own powers to appoint, review and prescribe rules and regulations, are responsible for the overall fiscal affairs of the town.

The mayor, with the advice and consent of the council, shall appoint a recorder and treasurer and other town officials, as specified. Please also refer to section IV. C.02 for additional laws which affect the Uniform Fiscal Procedures Act for Utah Towns.

The governing body has the following specific fiscal administrative responsibilities as set forth in the Uniform Fiscal Procedures Act for Towns.

UTAH CODE

<u>SECTION</u>	<u>SUMMARY</u>
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- | | |
|---------------------------------------|---|
| 10-5-108 | Council shall hold a public hearing on the budget prepared by the mayor to receive public comment. |
| 10-5-109,
59-2-924(3),
10-5-112 | Before June 22, the proposed tax rate and budget is adopted by resolution or ordinance. If there is no increase in the certified tax rate, a final budget is adopted before June 22. Copy of budget to be certified by budget officer and filed with State Auditor within thirty days of adoption.

The proposed or final tax rate must also be submitted to county auditor before June 22. If the town sets a proposed tax rate which exceeds the certified tax rate, it shall not adopt its final budget until the public hearing specified in Section 59-2-919 has been held. Until the hearing is held and a final budget and tax rate adopted, the town may expend monies based on, (1) its tentative budget after adoption, or (2) its prior year's adopted final budget as amended, which must be readopted by resolution at a regular meeting of the governing body. Latest possible date for adoption in the case of an increased tax rate is August 17. Copy due to State Auditor within 30 days of adoption. |
| 10-5-113(3) | Governing body may appropriate money for capital improvements if a formal long-range capital plan has been adopted. |
| 10-5-114 | The council shall not make any appropriation in the final budget of any fund in excess of the estimated expendable revenue for the budget year of such fund. |
| 10-5-116 | Council may amend (reduce or transfer) budgets. |
| 10-5-117 | Council may increase budget (after public hearing). |

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV. E. 01
Page: 2 of 2
Subject: Town Council Fiscal Responsibilities
Effective Date: 1 April 1987
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UTAH CODE

SECTION SUMMARY

- | | |
|-------------|--|
| 10-5-118 | The council may approve emergency expenditures in excess of budget (without holding public hearing). |
| 10-5-119 | The council is responsible for disposition of unneeded balances remaining in special funds. |
| 10-5-120 | The council may authorize loans from one fund to another, or may use available cash to buy unmatured bonds of the town. |
| 10-5-123(2) | Council shall approve all claims against the town. |
| 10-5-127 | Council shall appoint a deputy treasurer to sign all checks prepared by the town clerk in the absence of the treasurer. The council may also designate any town officer to countersign checks. |

In addition, the town clerk or treasurer is required to prepare and present at the council meeting on a quarterly basis a financial statement showing the financial position of the town and the budgeted and actual revenues and expenditures to date. This report may be made on a monthly basis if the council prefers and considers it necessary. See the illustrated Interim Financial Report and Comparison with Budget forms provided in section IV.D.02.

STATE OF UTAH UNIFORM ACCOUNTING MANUAL

Reference: IV. E. 02
Page: 1 of 1
Subject: Mayor's Fiscal Responsibilities
Effective Date: 1 April 1986
Revision Date: 1 July 2005

In addition to the responsibilities the mayor may have as a member of the governing body, as set forth on the previous page, the mayor's fiscal responsibilities as provided in the law include the following:

UTAH CODE

<u>SECTION</u>	<u>SUMMARY</u>
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10-3-809	(1) Shall be the chief executive officer to whom all employees of the municipality shall report. (7) May at any reasonable time examine and inspect the books, papers, records or documents of the city or town or of any officer, employee or agent of the city or town.
10-3-810	Mayor may not serve as recorder or treasurer.
10-5-106	Mayor is identified as the budget officer of the town.

(NOTE: The mayor may appoint someone to assist him in the actual preparation of the budget but the mayor is responsible for ensuring that the budget is prepared.)

STATE OF UTAH

UNIFORM ACCOUNTING MANUAL

Reference: IV. E. 03
Page: 1 of 2
Subject: Clerk's Fiscal Responsibilities
Effective Date: 1 April 1986
Revision Date: 1 July 2005

HISTORICAL BACKGROUND

The responsibilities of town clerks as defined by state law remained unchanged from 1943 until the 1983 State Legislature passed the fiscal procedures act for towns. The duties of town clerks were not changed from those previously defined except to clarify that the clerk is the town official responsible for ensuring that expenditures are not made in excess of those budgeted.

SEGREGATION OF CLERK AND TREASURER FISCAL RESPONSIBILITIES

The duties of the town clerk and treasurer regarding the town financial operations are segregated to provide control to help ensure that all town money is properly controlled and accounted for. These controls also provide protection to the town officials handling public funds.

It is anticipated that the town clerk maintains the accounting records of the town. By preparing and signing the expenditure checks (or a certification attached to the check) the clerk certifies that the disbursement is within the debt limit and budget of the town and that it has been approved by the town council for payment. The treasurer receives money due the town and issues receipts, invests available town money, and certifies by signing checks that money is available for making the payment.

It is recognized that many towns have limited resources and may not be able to hire a treasurer or clerk with the knowledge and training necessary to perform all of the duties of their office as anticipated in the Town Fiscal Procedures Act. The important concept for town mayors and councils to keep in mind is that any modifications in assignment of duties to treasurers and clerks from that provided in law should be closely reviewed to ensure that some internal controls are maintained over town monies. Members of the town council (except the mayor) or other individuals within the town may be appointed as assistant clerks or treasurers to provide assistance where necessary. Where a proper segregation of duties is not maintained in areas such as the billing, collections, deposit and reconciliation of utility customer accounts, the mayor and council should require timely reports of such activities and should exercise the authority and responsibility provided in *Utah Code* Section 10-3-809 to examine and inspect the books, ledger, etc.

TOWN CLERK FISCAL RESPONSIBILITIES

The following fiscal responsibilities are identified for the town clerk in the Town Fiscal Procedures Act. Other fiscal responsibilities may be given to the clerk by the mayor and town council:

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Reference: IV. E. 03
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Subject: Clerk's Fiscal Responsibilities
Effective Date: 1 April 1986
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UTAH
CODE
SECTION

SUMMARY

- 10-5-112(3) The town clerk shall certify the ordinance or resolution setting the levy to the county auditor, or auditors if the town is located in more than one county, not later than the 22nd day of June of each year.
- 10-5-121 The town clerk shall attend the meetings and keep the record of the proceedings of the council. Copies of all papers filed in the clerk's office and transcripts from all records of the council, if certified by the clerk under the town seal, are admissible in all courts as originals.
- 10-5-122 The town clerk shall countersign all contracts made on behalf of the town and shall maintain an indexed record of all such contracts.
- 10-5-123 The town clerk shall maintain the general books for each fund of the town and all subsidiary records relating thereto, including a list of the outstanding bonds, their purpose, amount, terms, date, and place payable.
- The town clerk shall pre-audit all claims and demands against the town before they are allowed and shall prepare the necessary checks in payment. The town clerk shall certify on the voucher or check copy, as appropriate, that:
1. The claim has been pre-audited and documented;
 2. The claim has been directly approved by the council;
 3. The claim is within the lawful debt limit of the town; and
 4. The claim does not over-expend the appropriate departmental budget established by the council.
- 10-5-124 If the town is without funds on deposit in one of its appropriate bank accounts with which to pay any lawfully approved claim, the town clerk may draw and sign a warrant on the treasurer of the town for payment of the claim, the warrant to be tendered to the payee named thereon.
- 10-5-129 Within 180 days after the close of each fiscal year the town clerk or other delegated person shall present to the council an annual financial report. This section may be satisfied by an audit report or annual financial report of an independent auditor.

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Reference: IV. E. 04
Page: 1 of 2
Subject: Treasurer's Fiscal Responsibilities
Effective Date: 1 April 1986
Revision Date: 1 July 2005

The following laws establish the fiscal responsibilities of town treasurers. Also, refer to the discussion on segregation of clerk's and treasurer's fiscal responsibilities in section IV. E.03:

UTAH
CODE
SECTION

SUMMARY

- 10-3-923(4) All fees, fines, forfeitures or any other sums collected by the justice of the peace shall be paid to the municipal treasurer within seven days of receipt.
- 10-5-125 The town treasurer shall: (1) be custodian of all money, bonds, or other securities of the town; (2) determine the cash requirements of the town and provide for the investment of all idle cash; (3) receive all money payable to the town, within three business days after collection, including all taxes, licenses, fines, and intergovernmental revenue, and keep an accurate detailed account thereof in the manner provided in this chapter, and as the council of the town may be ordinance or resolution from time to time direct; and (4) collect all special taxes and assessments as provided by law and ordinance.
- 10-5-126 The town treasurer shall give or cause to be given to every person paying money to the town treasury, a receipt or other evidence of payment therefor, specifying, as appropriate, the date of payment and on which account the payment was made and shall file the duplicate of the receipt, summary report, or other evidence of payment in the office of the clerk.
- 10-5-127 The town treasurer, or in his absence a deputy treasurer appointed by the council, shall sign all checks prepared by the town clerk. Prior to affixing the signature, the treasurer or deputy treasurer shall determine that a sufficient amount is on deposit in the appropriate bank account of the town to honor the check. The council may also designate any town officer to countersign checks.
- 10-5-128 The treasurer shall promptly deposit all town funds in the appropriate bank accounts of the town. It shall be unlawful for any person to commingle town funds with his or her own money. Wherever it shall appear that the treasurer or any officer is making profit out of public money, or is using the same for any purpose not authorized by law, such treasurer or officer shall be suspended from office.

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Subject: Treasurer's Fiscal Responsibilities
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SUMMARY OF STATE MONEY MANAGEMENT ACT LAWS AFFECTING TOWN TREASURERS

UTAH
CODE
SECTION

SUMMARY

- 51-7-5 Municipal treasurers may transfer funds to state treasurer for investment purposes and may withdraw them from state treasurer.
- 51-7-11 Establish specific authorized deposits or investments of public funds.
- 51-7-14 Prudent man rule for investments and selling investments at less than cost.
- 51-7-15 Amounts of treasurers' bonds set by the Money Management Council (see section I. C.02). Investment reports to be filed with council (on forms provided by the State Treasurer).

NOTE: See section IV. F.01 for criteria for investments.

STATE OF UTAH

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Reference: IV. F.01
Page: 1 of 5
Subject: Investment of Public Funds
Effective Date: 1 April 1986
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With the cost of providing public services increasing rapidly it is imperative that local governmental officials invest all available resources to the benefit of their governmental units.

Utah Code, Section 51-7-17 defines the criteria for the investment of public funds.

51-7-17 Criteria for investments.

- 1) As used in this section:
 - a) "Affiliate" means, in relation to any provider:
 - (i) any entity controlled, directly or indirectly, by the provider;
 - (ii) any that controls, directly or indirectly, the provider; or
 - (iii) any entity directly or indirectly under common control with the provider.
 - b) "Control" means ownership of a majority of the voting power of the entity or provider.
- 2) a) All public treasurers shall consider and meet the following objectives when depositing and investing public funds:
 - i) safety of principal;
 - ii) need for liquidity;
 - iii) yield on investments;
 - iv) recognition of the different investment objectives of operating and permanent funds;and
 - v) maturity of investments, so that the maturity date of the investment does not exceed the anticipated date of the expenditure of funds.
- b) Each public treasurer shall invest the proceeds of general obligation bond issues, tax anticipation note issues, and all funds pledged or otherwise dedicated to the payment of interest and principal of general obligation bonds and tax anticipation notes issued by the state or any political subdivision of the state in accordance with Section 51-7-11 or in accordance with the terms of the borrowing instrument applicable to those issues and funds if those terms are more restrictive than Section 51-7-11.
- c) Each public treasurer shall invest the proceeds of bonds other than general obligation bonds and the proceeds of notes other than tax anticipation notes issued by the state or any political subdivision of the state, and all funds pledged or otherwise dedicated to the payment of interest and principal of those notes and bonds, in accordance with the terms of the borrowing instruments applicable to those bonds or notes, or if none of those provisions are applicable, in accordance with Section 51-7-11.
- d) Each public treasurer may invest proceeds of bonds, notes, or other moneys pledged or otherwise dedicated to the payment of debt service on the bonds or notes in investment agreements if:
 - i) the investment is permitted by the terms of the borrowing instrument applicable to those bonds or notes or the borrowing instrument authorizes the investment as an investment permitted by the State Money Management Act.

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- ii) either the provider of the investment agreement or an entity fully, unconditionally, and irrevocably guaranteeing the provider's obligations under the investment agreement has received a rating of:
 - A) at least "AA-" from S&P or "Aa3" from Moody's for investment agreements having a term of more than one year; or
 - B) At least "A-1+" from S&P or "P-1" from Moody's for investment agreements having a term of one year or less;
 - iii) the investment agreement contains provisions approved by the public treasurer that provide that, in the event of a rating downgrade of the provider or its affiliate guarantor, as applicable, by either S&P or Moody's below the "A" category or its equivalent, or a rating downgrade of a nonaffiliated guarantor by either S&P or Moody's below the "AA" category or its equivalent, the provider must, within 30 days after receipt of notice of the downgrade, either:
 - A) collateralize the investment agreement with direct obligations of or obligations guaranteed by the United States of America having a market value at least equal to 105% of the amount of the monies invested, valued at least quarterly, and deposit the collateral with a third-party custodian or trustee selected by the public treasurer; or
 - B) Terminate the agreement without penalty and repay all of the principal invested and the interest accrued on the investment to the date of termination; and
 - iv) the public treasurer receives an enforceability opinion from the legal counsel of the investment agreement provider and, if there is a guarantee, an enforceability opinion from the legal counsel of the guarantor with respect to the guarantee.
 - 3) a) As used in this Subsection (3), "interest rate contract" means interest rate exchange contracts, interest rate floor contracts, interest rate ceiling contracts, and other similar contracts authorized by resolution of the governing board or issuing authority, as applicable.
 - b) A public treasurer may:
 - i) enter into interest rate contracts that the governing board or issuing authority determines are necessary, convenient, or appropriate for the control or management of debt or for the cost of servicing debt; and
 - ii) use its public funds to satisfy its payment obligations under those contracts.
 - c) Those contracts:
 - i) shall comply with the requirements established by council rules; and
 - ii) may contain payment, security, default, termination, remedy, and other terms and conditions that the governing board or issuing authority considers appropriate.
 - d) Neither interest rate contracts nor public funds used in connection with these interest rate contracts may be considered a deposit or investment.
 - 4) It is the intent of the Legislature that all public funds invested in deposit instruments be invested with qualified depositories within Utah, except that if national market rates on instruments of similar quality and term exceed those offered by qualified depositories, investments in out-of-state deposit instruments may be made only with those institutions

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that meet quality criteria set forth by the rules of the council.

Utah Code Section 51-7-11 defines the types of investments that may be made if they meet the criteria of Section 51-7-17. The pertinent sections of *Utah Code* Section 51-7-11 are shown below. We also encourage the investment of local funds through the State Treasurer. The investment expertise available in the State Treasurer's office and the yields that can be obtained through their pooling concept, are difficult for most local government units to match. Contact Stephanie Baldes at 538-1470 in the State Treasurer's Office for information about the investment pool.

51-7-11. Authorized deposits or investment of public funds.

- 1)
 - a) Except as provided in Subsection (1)(b), a public treasurer may conduct investment transactions only through qualified depositories, certified dealers, or directly with issuers of the investment securities.
 - b) A public treasurer may, in furtherance of his duties, designate a certified investment adviser to make trades on behalf of the public treasurer.
- 2) The remaining term to maturity of the investment may not exceed the period of availability of the funds to be invested.
- 3) Except as provided in Subsection (4), all public funds may be deposited or invested only in the following assets that meet the criteria of Section 51-7-17:
 - a) negotiable or nonnegotiable deposits of qualified depositories;
 - b) qualifying or nonqualifying repurchase agreements and reverse repurchase agreements with qualified depositories using collateral consisting of:
 - i) Government National Mortgage Association mortgage pools;
 - ii) Federal Home Loan Mortgage Corporation mortgage pools;
 - iii) Federal National Mortgage Corporation mortgage pools;
 - iv) Small Business Administration loan pools;
 - v) Federal Agriculture Mortgage Corporation pools; or
 - vi) Other investments authorized by this section;
 - c) qualifying repurchase agreements and reverse repurchase agreements with certified dealers, permitted depositories, or qualified depositories using collateral consisting of:
 - i) Government National Mortgage Association pools;
 - ii) Federal Home Loan Mortgage Corporation mortgage pools;
 - iii) Federal National Mortgage Corporation mortgage pools;
 - iv) Small Business Administration loan pools; or
 - v) Other investments authorized by this section;
 - d) commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service or Standard and Poor's, which has a remaining term to maturity of 270 days or less;
 - e) bankers' acceptances that:

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- i) are eligible for discount at a Federal Reserve bank; and
- ii) have a remaining term to maturity of 270 days or less;
- f) fixed rate negotiable deposits issued by a permitted depository that have a remaining term to maturity of 365 days or less;
- g) obligations of the United States Treasury, including United States Treasury bills, United States Treasury notes, and United States treasury bonds;
- h) obligations other than mortgage pools and other mortgage derivative products issued by, or fully guaranteed as to principal and interest by, the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer:
 - i) Federal Farm Credit banks;
 - ii) Federal Home Loan banks;
 - iii) Federal National Mortgage Association;
 - iv) Student Loan Marketing Association;
 - v) Federal Home Loan Mortgage Corporation;
 - vi) Federal Agriculture Mortgage Corporation; and
 - vii) Tennessee Valley Authority;
- i) fixed rate corporate obligations that:
 - i) are rated "A" or higher or the equivalent of "A" or higher by two nationally recognized statistical rating organizations, one of which must be by Moody's Investors Service or Standard and Poor's;
 - ii) are publicly traded; and
 - iii) have a remaining term to final maturity of 465 days or less or is subject to a hard put at par value or better, within 365 days;
- j) tax anticipation notes and general obligation bonds of the state or any county, incorporated city or town, school district, or other political subdivision of this state, including bonds offered on a when-issued basis without regard to the limitation in Subsection (7);
- k) bonds, notes, or other evidence of indebtedness of any county, incorporated city or town, school district, or other political subdivision of the state that are payable from assessments or from revenues or earnings specifically pledged for payment of the principal and interest on these obligations, including bonds offered on a when-issued basis without regard to the limitation in Subsection (7);
- l) shares or certificates in a money market mutual fund as defined in Section 51-7-3;
- m) variable rate negotiable deposits that:
 - i) are issued by a qualified depository or a permitted depository;
 - ii) are repriced at least semiannually; and
 - iii) have a remaining term to final maturity not to exceed two years;
- n) variable rate securities that:
 - i) (a) are rated "A" or higher or the equivalent of "A" or higher by two nationally

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recognized statistical rating organizations, one of which must be by Moody's Investors Service or Standard and Poor's;

- B) are publicly traded;
- C) are repriced at least semiannually; and
- D) Have a remaining term to final maturity not to exceed two years or are subject to a hard put at par value or better, within 365 days;
 - ii) are not mortgages, mortgage-backed securities, mortgage derivative products, or any security making unscheduled periodic principal payments other than optional redemptions.
- 4) The following public funds are exempt from the requirements of Subsection (3);
 - a) funds of the permanent land grant trust funds established pursuant to the Utah Enabling act and the Utah Constitution;
 - b) the Employers' Reinsurance Fund created in Section 34A-2-702; and
 - c) the Uninsured Employers' Fund created in Section 34A-2-704.
- 5) If any of the deposits authorized by Subsection (3)(a) are negotiable or nonnegotiable large time deposits issued in amounts of \$100,000 or more, the interest shall be calculated on the basis of the actual number of days divided by 360 days.
- 6) A public treasurer may maintain fully insured deposits in demand accounts in a federally insured nonqualified depository only if a qualified depository is not reasonably convenient to the entity's geographic location.
- 7) The public treasurer shall ensure that all purchases and sales of securities are settled within 15 days of the trade date.

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Reference: IV. F.02
Page: 1 of 1
Subject: Purchasing Procedures
Effective Date: 1 April 1986
Revision Date: 1 July 2005

The 1980 Utah State Legislature modified the “Utah Procurement Code” and exempted towns from the provisions of the Code. However, Utah cities are required to adopt by ordinance or resolution formal purchasing procedures. While Utah towns do not have this same legal requirement, it is recommended that guidelines be established by towns for the purchase of materials, services, etc. A model purchasing policy for towns is provided on IV. F.02.01 for your information. The town may wish to modify and adopt something like this for its use.

The Utah State Purchasing Division has prepared a booklet entitled “*Purchasing Policies & Procedures*”. This booklet may be a beneficial resource to towns either in updating current purchasing procedures or for towns currently developing or planning to develop purchasing procedures to be formally adopted. This booklet may be obtained at a cost of four dollars from the State Purchasing Division, Room 3150, State Office Building, Salt Lake City, Utah 84114 (538-3026).

Towns are encouraged to take advantage of the purchasing power of the State by purchasing goods or services under Utah State purchasing contracts. In addition to reduced prices, towns can save time by not having to price shop for items covered by State contracts. Additional information concerning this program can also be obtained through the State Purchasing Division.

Towns are also encouraged to be aware of the availability of surplus property that may be purchased through the Utah State Agency for Surplus Property, 447 West 13800 South, Draper, Utah 84020 (801) 619-7200.

MODEL PURCHASING POLICY FOR TOWNS

ARTICLE 1 GENERAL PROVISIONS

- A) The underlying purposes of this policy are:
- 1) To ensure fair and equitable treatment of all persons who wish to, or do conduct business with the Town.
 - 2) To provide for the greatest possible economy in town procurement activities.
 - 3) To foster effective broad-based competition within the free enterprise system to ensure that the Town will receive the best possible service or product at the lowest possible price
- B) Compliance - Exemptions from this policy.
- 1) This policy shall not prevent the Town from complying with the terms and conditions of any grant, gift, or bequest that is otherwise consistent with law.
 - 2) When a procurement involves the expenditure of federal assistance funds, the Town shall comply with applicable federal law and regulations.
- C) Definitions
- 1) "Business" means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity.
 - 2) "Change order" means a written order signed by the purchasing agent, directing the contractor to suspend work or make changes, which the appropriate clauses of the contract authorize the purchasing agent to order without the consent of the contractor or any written alteration in specifications, delivery point, rate of delivery, period of performance, price, quantity, or other provisions of any contract accomplished by mutual action of the parties to the contract.
 - 3) "Contract" means any Town agreement for the procurement or disposal of supplies, services, or construction.
 - 4) "Invitation for bids" means all documents, whether attached or incorporated by reference, used for soliciting bids.
 - 5) "Person" means any business, individual, union, committee, club, other organization, or group of individuals.
 - 6) "Procurement" means buying, purchasing, renting, leasing, leasing with and option to purchase, or otherwise acquiring any supplies, services, or construction.
 - 7) "Purchasing agent" means the person duly authorized by the governing body of the Town to enter into and administer contracts and make written determinations with respect thereto.
 - 8) "Purchase description" means the words used in a solicitation to describe the supplies, services or construction to be purchased, and includes specifications attached to or made a part of the solicitation.
 - 9) "Request for proposals" means all documents, whether attached or incorporated by reference, used for soliciting proposals.

ARTICLE 2
OFFICE OF THE PURCHASING AGENT

The governing body of the Town shall appoint a Purchasing Agent. The Purchasing Agent shall be responsible to make procurements, solicit bids and proposals, enter into and administer contracts, and make written determinations for the Town.

ARTICLE 3
SOURCE SELECTION AND CONTRACT FORMATION - GENERAL PROVISIONS

- A) Purchase not requiring sealed bids.
- 1) Purchases costing less than \$___ in total, shall not require bids of any type. (Purchases shall not be artificially divided so as to constitute a small purchase under this section.)
 - 2) Purchases costing more than \$___ but less than \$___ in total, shall required ___ (2 to 3) telephone bids.
 - 3) Purchases made through the cooperative purchasing contracts administered by the State Division of Purchasing.
 - 4) Purchases made from a single-source provider.
 - 5) Purchases required during an emergency, i.e., an eminent threat to the public=s health, welfare, or safety. However, as much competition as practical should be obtained; and, such purchases should be limited to amounts necessary to the resolution of the emergency.
- B) Purchases requiring sealed bids.
- 1) Contracts shall be awarded by competitive sealed bidding except as otherwise provided by this policy.
 - 2) An invitation for bids shall be issued when a contract is to be awarded by competitive sealed bidding. The invitation shall include a purchase description and all contractual terms and conditions applicable to the procurement. Public notice of the invitation for bids shall be given at least days prior to the date set forth therein for the opening of bids. The notice may include publication in a newspaper of general circulation.
 - 3) Any procurement in excess of \$___ shall require a legal notice in a local newspaper of general circulation.
 - 4) Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the invitations for bids. The amount of each bid and any other relevant information, together with the name of each bidder, shall be recorded. The record and each bid shall be open to public inspection.
 - 5) Bids shall be unconditionally accepted without alternation or correction, except as authorized in this policy. Bids shall be evaluated based on the requirements set forth in the invitation for bids.
 - 6) Correction or withdrawal of inadvertently erroneous bids before or after award, or cancellation of awards or contracts based on such bid mistakes, shall be permitted. After bid opening no changes in bid prices or other provisions of bids prejudicial to the interest of the Town of fair competition shall be permitted. All decisions to permit the correction or withdrawal of bids or to cancel awards or contracts based on bid mistakes shall be supported by a written determination made by the purchasing agent.
 - 7) The contract shall be awarded with reasonable promptness, by written notice, to the lowest bidder whose bid meets the requirements and criteria set forth in the invitation for bids.
- C) Cancellation and rejection of bids.

An invitation for bids, a request for proposals, or other solicitations may be canceled, or any or all bids or proposals may be rejected, in whole or in part, as may be specified in the solicitation, when it is in the best

interests of the Town. The reasons shall be made part of the contract file.

D) Use of competitive sealed proposals in lieu of bids.

When the purchasing agent determines in writing that the use of competitive sealed bidding is either not practicable or not advantageous to the Town, a contract may be entered into by competitive sealed proposals. Competitive sealed proposals are most appropriately used for professional service-type contracts.

- 1) Proposals shall be solicited through a request for proposals. Public notice of the request for proposals shall be given at least __ days prior to the advertised date of the opening of the proposals.
- 2) Proposals shall be opened so as to avoid disclosure of contents to competing offerors during the process of negotiation. A register of proposals shall be prepared and shall be open for public inspection after contract award.
- 3) The request for proposals shall state the relative importance of price and other evaluating factors.
- 4) Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conduction discussions, there shall be no disclosure of any information derived from proposals submitted by competing offerors.
- 5) Award shall be made to the person whose proposal is determined, in writing, to be the most advantageous to the Town, taking into consideration price and the evaluation factors set forth in the request for proposals. No other factors or criteria shall be used in the evaluation. The contract file shall contain the basis on which the award is made.

E) Architect-Engineer services are qualification-based procurements. Requests for such services should be publicly announced. Contracts should be negotiated by the Town based on demonstrated competence at fair and reasonable prices. See *Utah Code* Section 63-56-42 through 44.

F) Determination of nonresponsibility of bidder.

Determination of nonresponsibility of a bidder or offeror shall be made in writing. The unreasonable failure of a bidder or offeror to promptly supply information in connection with an inquiry with respect to responsibility may be grounds for a determination of nonresponsibility with respect to the bidder or offeror. Information furnished by a bidder or offeror pursuant to this section shall not be disclosed outside of the purchasing division without prior written consent by the bidder or offeror.

G) Cost-plus-a-percentage-of-cost contracts prohibited.

Subject to the limitations of this section, any type of contract which will promote the best interests of the Town may be used, provided that the use of a cost-plus-a-percentage-of-cost contract is prohibited. A cost-reimbursement contract may be used only when a determination is made in writing that such contract is likely to be less costly to the Town than any other type or that it is impracticable to obtain the supplies, services, or construction, required except under such a contract.

H) Required contract clauses.

- 1) The unilateral right of the Town to order, in writing, changes in the work within the scope of the contract and changes in the time of performance of the contract that do not alter the scope of the contract work.
- 2) Variations occurring between estimated quantities of work in a contract and actual quantities.
- 3) Suspension of work ordered by the Town.

ARTICLE 4 SPECIFICATIONS

All specifications shall seek to promote overall economy and best use for the purposes intended and encourage competition in satisfying the Town's needs, and shall not be unduly restrictive. Where practical and reasonable, and within the scope of this article, Utah products shall be given preference.

ARTICLE 5 APPEALS

- A) Any actual or prospective bidder, offeror, or contractor who is aggrieved in connection with the solicitation or award of a contract may appeal to the purchasing agent. An appeal shall be submitted in writing within 5 working days after the aggrieved person knows or should have known of the facts.
- B) The purchasing agent shall promptly issue a written decision regarding any appeal, if it is not settled by a mutual agreement. The decision shall state the reasons for the action taken and inform the protestor, contractor, or prospective contractor of the right to appeal to the governing board.
- C) The Town's governing board shall be the final appeal on the Town level.
- D) All further appeals shall be handled as provided in *Utah Code* Section 63-56-58 through 64.

ARTICLE 6 ETHICS IN PUBLIC CONTRACTING

- A) No person involved in making procurement decisions may have personal investments in any business entity which will create a substantial conflict between their private interests and their public duties.
- B) Any person involved in making procurement decisions is guilty of a felony if the person asks, receives, or offers to receive any emolument, gratuity, contribution, loan, or reward, or any promise thereof, either for the person's own use or the use or benefit of any other person or organization from any person or organization interested in selling to the Town.

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Reference: IV. F.03
Page: 1 of 1
Subject: Expenditure of State-Allocated Road Funds
Effective Date: 1 April 1986
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Utah Code Sections 27-12-108.1 through 27-12-108.3 set forth the requirements for the use of state-allocated road funds. There is also a booklet entitled *Regulations Governing Class B & C Road Funds*, published by the Utah Department of Transportation (UDOT), which explains the rules and regulations governing the expenditure of these funds and required reporting. Questions regarding this area should be directed to Kathy Starks at 965-4364 or Brett Hadley at 965-4366 of UDOT. Brett's cell phone number is (801) 870-0285.

The compliance audit responsibility to ensure that these funds are appropriately spent should be met by the governmental units' independent auditors. In accordance with the *State of Utah Legal Compliance Audit Guide*, all audits should contain (1) a statement by the auditor expressing positive assurance of compliance with State fiscal laws identified by the State Auditor; (2) a copy of the auditor's letter to management that identifies any material weaknesses in internal controls discovered by the auditor and other financial issues related to the expenditure of funds received from federal, state, or local governments; and (3) management's response to the specific recommendations. All entities having an audit and receiving class B or C road funds are required by Administrative Rule R915-3-7.3 paragraph 7 to submit a copy of that audit to the Department of Transportation. It should be addressed to the attention of Kathy Starks or Brett Hadley, UDOT 4501 South 2700 West, Salt Lake City, UT 84119. While the UDOT may still visit a city, town or country to verify the information submitted to them, they generally rely on the audit reports received. For those towns that do not have independent audits, the UDOT auditor may periodically visit to review the expenditures made.

Refer to I. C.05.01 for more information regarding Class B and C road funds.

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Reference: IV. G.01
Page: 1 of 3
Subject: Summary of Fiscal Procedures Act for Utah Towns
Effective Date: 1 April 1986
Revision Date: 1 July 2005

UTAH CODE SECTION

SUMMARY

- | | |
|----------|---|
| 10-5-101 | Title of Act. |
| 10-5-102 | Act applicable to all towns. |
| 10-5-103 | State Auditor responsible for enforcing budgeting and financial reporting provisions of the act. |
| 10-5-104 | Fiscal year of all towns is July 1 through June 30. |
| 10-5-105 | Towns to follow generally accepted accounting principles prescribed by the State Auditor. |
| 10-5-106 | Mayor shall prepare budget each year for general, special revenue, debt service, capital improvements and enterprise funds. |
| 10-5-107 | Tentative budget prepared by mayor on forms provided by the State Auditor's Office, shall be available for public inspection at least 7 days prior to adoption.

The budget should include: 1) Actual revenues and expenditures in the last completed fiscal year; 2) Estimated revenues and expenditures for the current year, and 3) mayor's estimate of revenues and expenditures for the budget year. In addition to the budget, the proposed tax levy will be disclosed. |
| 10-5-108 | Public comment on the budget will be heard by the town council on or before June 7 each year. Notice of this meeting will be published or posted. (See note in IV. C.02) |
| 10-5-109 | The council shall adopt a budget by June 15 th of each year. A copy of this budget shall be filed with the State Auditor's Office. (See note in IV. C.02) |
| 10-5-110 | Adopted budget shall be in effect for budget year subject to later amendment. Copy shall be available for public inspection. |
| 10-5-111 | Estimated revenue from property taxes is the basis for determining property tax levy. |
| 10-5-112 | Property tax levy shall be adopted by the town council not later than June 22. Combined levy shall not exceed .007. Town clerk to certify and send the ordinance or resolution setting the levy to the county auditor not later than the 15 th day of June. |

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UTAH CODE SECTION

SUMMARY

- 10-5-113 Towns may accumulate fund balance or retained earnings as appropriate in any fund.
- Fund balance in general fund is limited to 75% of the total estimated revenue of the general fund.
- Council may appropriate the general fund balance to the capital projects fund to finance future specified capital projects.
- 10-5-114 No appropriation for expenditures can be made in excess of estimated expendable revenue.
- 10-5-115 No expenditures or encumbrances can be made in excess of appropriation for any department. Any such contracted obligations are not enforceable against town.
- 10-5-116 Council may transfer excess appropriation from one department to another in the same fund.
- 10-5-117 Council may increase budget by following procedures set forth in section 10-5-108.
- 10-5-118 Approval given for emergency expenditures.
- 10-5-119 Disposition of unused amounts remaining in special revenue, special assessment, capital improvements or trust funds.
- 10-5-120 Council may authorize loans from one fund to another.
- 10-5-121 Town clerk to keep minutes of council meetings.
- 10-5-122 Town clerk shall countersign all contracts.
- 10-5-123 Town clerk to maintain books for the town, pre-audit claims and prepare checks.
- 10-5-124 Warrants for payment of claims to be drawn when funds are unavailable to pay claims.
- 10-5-125 Duties of town treasurer defined.
- 10-5-126 Town treasurer to issue receipts.
- 10-5-127 Town treasurer shall sign all checks prepared by town clerk. Council may designate

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UTAH CODE SECTION

SUMMARY

	town officer to countersign checks.
10-5-128	Town treasurer shall promptly deposit all town funds in town bank account. Commingling of town funds with personal funds prohibited.
10-5-129	Town clerk to present annual financial report to council within 180 days after close of each fiscal year.
10-5-130	Town fiscal committee created. Duties of committee defined.
10-5-131	Duties of State Auditor in connection with town fiscal committee defined.

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- 10-5-101 Short title.
This chapter shall be known and may be cited as the "Uniform Fiscal Procedures Act for Utah Towns."
- 10-5-102 Applicability.
This chapter shall apply to all towns.
- 10-5-103 Withholding state money of town failing to file budget.
The state auditor is authorized to withhold state money allocated to a town if that town fails to file a copy of a formally adopted budget or fails to comply with the annual financial reporting and independent auditing requirements of this chapter. Such money shall not be withheld if the town substantially complies with the requirements of this chapter.
- 10-5-104 Fiscal year.
The fiscal year of all towns shall begin July 1 of each year and shall end June 30 of the following year.
- 10-5-105 Revenue and expenditure records.
Towns shall record their revenues and expenditures according to current generally accepted accounting principles prescribed by the state auditor.
- 10-5-106 Funds for which budget prepared.
The mayor shall prepare for each budget year a budget for: (1) the general fund, including state allocated road funds; (2) special revenue funds; (3) debt service funds; (4) capital improvement funds; and (5) enterprise funds.
- 10-5-107 Tentative budgets required for public inspection -- Contents -- Adoption of tentative budget.
(1) (a) On or before the first regularly scheduled town council meeting of May, the mayor shall:
 (i) prepare for the ensuing year, on forms provided by the state auditor, a tentative budget for each fund for which a budget is required;
 (ii) make the tentative budget available for public inspection; and
 (iii) submit the tentative budget to the town council.
(b) The tentative budget of each fund shall set forth in tabular form:
 (i) actual revenues and expenditures in the last completed fiscal year;
 (ii) estimated total revenues and expenditures for the current fiscal year;
and
 (iii) the mayor's estimates of revenues and expenditures for the budget

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year.

(2) The mayor shall estimate the amount of revenue available to serve the needs of each fund, estimate the portion to be derived from all sources other than general property taxes, and estimate the portion that must be derived from general property taxes. From these estimates the mayor shall compute and disclose in the budget the lowest rate of property tax levy that will raise the required amount of revenue, calculating the levy on the latest taxable value.

(3) (a) Before the public hearing required under Section **10-5-108**, the town council:

(i) shall review, consider, and tentatively adopt the tentative budget in any regular meeting or special meeting called for that purpose; and

(ii) may amend or revise the tentative budget.

(b) At the meeting at which the town council adopts the tentative budget, the council shall establish the time and place of the public hearing required under Section **10-5-108**.

10-5-108 Budget hearing - Notice - Adjustments.

(1) Prior to the adoption of the final budget, each town council shall hold a public hearing to receive public comment.

(2) The council shall provide notice of the place, purpose, and time of the public hearing by publishing notice at least seven days before the hearing at least once in a newspaper of general circulation in the town, but if there is no newspaper of general circulation, then by posting the notice in three public places at least 48 hours prior to the hearing.

(3) After the hearing, the council, subject to Section **10-5-110**, may adjust expenditures and revenues in conformity with this chapter..

10-5-109 Adoption of budgets - Filing.

Prior to June 22 of each year, or August 17 in the case of a property tax increase under Sections **59-2-919** through **59-2-923**, the council shall by resolution or ordinance adopt a budget for the ensuing fiscal year for each fund for which a budget is required under this chapter. A copy of the final budget for each fund shall be filed with the state auditor within 30 days after adoption.

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- 10-5-110 Budgets effective for year - Amendment - Public access.
On final adoption, each budget shall be in effect for the budget year, subject to later amendment. A copy of each adopted budget shall be available to the public during regular business hours.
- 10-5-111 Basis for property tax levy.
From the effective date of the budget or of any amendment enacted prior to the date on which property taxes are levied, the amount stated therein as the amount of estimated revenue from property taxes shall constitute the basis for determining the property tax levy to be set by the council for the corresponding tax year, subject to the applicable limitations imposed by law.
- 10-5-112 Property tax levy set by ordinance - Maximum - Certification
(1) Not later than June 22 of each year, or August 17 in the case of a property tax increase under Sections **59-2-919** through **59-2-923**, the council, at a regular meeting or special meeting called for that purpose, shall by ordinance or resolution set the real and personal property tax levy for town purposes, but the levy may be set at an appropriate later date with the approval of the State Tax Commission.
(2) The combined levies for each town, for all purposes in any year, excluding the retirement of general obligation bonds and the payment of any interest, and taxes expressly authorized by law to be levied in addition, may not exceed .007 per dollar of taxable value of taxable property.
(3) The town clerk shall certify the ordinance or resolution setting the levy to the county auditor, or auditors, if the town is located in more than one county, not later than June 22 of each year.
- 10-5-113 Property tax levy set by ordinance - Maximum - Certification
(Effective January 1, 1986)
(1) Towns may accumulate retained earnings or fund balances, as appropriate, in any fund.
(2) The accumulation of a fund balance in the General Fund may not exceed 75% of the total estimated revenue of the General Fund.
(3) The council may, in any budget year, appropriate from estimated revenue or excess fund balance in the General Fund to a reserve for capital improvements, for the purpose of financing future specified capital improvements, pursuant to a formal long-range capital plan adopted by the governing body. The reserves may accumulate from year to year in a capital

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improvements fund until the accumulated total is sufficient to permit economical expenditure for the specified purposes.

- 10-5-114 Appropriation limited to estimated revenue.
The council shall not make any appropriation in the final budget of any fund in excess of the estimated expendable revenue for the budget year of such fund.
- 10-5-115 Expenditures limited to appropriations - Obligations in excess invalid - Processing claims required.
Town officers shall not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or as subsequently amended. Any obligation contracted by any such officer shall not be or become valid or enforceable against the town. No check or warrant to cover any claim against any appropriation shall be drawn until the claim has been processed as provided by this chapter.
- 10-5-116 Transfer of unencumbered appropriation balance.
The council may reduce or transfer any unencumbered or unexpended appropriation balance or portion thereof from one department in a fund to another within the same fund, but no appropriation for debt retirement and interest, reduction of deficit, or other appropriation required by law or ordinance shall be reduced below the minimums required.
- 10-5-117 Increasing budget total of fund.
Except for enterprise funds, which may be increased without a public hearing, the council may increase the budget total of one or more of these funds by following the procedures set forth in Section **10-5-108**.
- 10-5-118 Emergency expenditures.
The council, on determining that an emergency exists, such as widespread damage from fire, flood, or earthquake, and that the emergency necessitates the expenditure of money in excess of the budget of the general fund, may amend the budget and authorize such expenditures as may be reasonably necessary to meet the emergency.

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- 10-5-119 Special fund balance - Disposition when fund no longer required.
- Whenever the necessity for maintaining any special fund of a town has ceased to exist and a balance remains in the fund, the governing body shall authorize the transfer of the balance to the fund balance account in the general fund of the town, subject to the following:
- (1) Any balance remaining in a special assessment fund and any unrequired balance in its special improvements guaranty fund shall be treated in the manner provided in Sections **17A-3-332** and **17A-3-334**;
 - (2) Any balance remaining in a capital improvements or capital projects fund shall be transferred to the appropriate debt service fund or other fund as the bond ordinance may require and otherwise to the fund balance account in the general fund;
 - (3) Whenever any balance held in a trust fund for a specific purpose, other than a cemetery perpetual care trust fund, is to be transferred because its original purpose or restriction has ceased to exist, a public hearing shall be held in the manner provided in Sections **10-5-108** and **10-5-109**. The published notice shall invite those persons who contributed to the fund to appear at the hearing. If the council determines the fund balance amounts are refundable to the original contributors, a 30-day period following the hearing shall be allowed for persons having an interest in the fund to file with the council a verified claim only for the amount of each claimant's contributions. Any claim not filed in accordance with this section shall be invalid. Any balance remaining, after refunds to eligible contributors, shall be transferred to the fund balance account in the general fund of the town; and
 - (4) Whenever the council decides, in conformity with applicable laws and ordinances, that the need for continued maintenance of its cemetery perpetual care trust fund no longer exists, it may transfer the balance in such fund to the capital improvements fund for expenditure for land, buildings, and major improvements to be used exclusively for cemetery purposes.
- 10-5-120 Loans between funds - Bonds purchased by funds.
- Subject to restrictions imposed by bond ordinance, statute, or other controlling regulations, the council may (1) authorize interfund loans from one fund to another at such interest rates and upon such repayment terms and conditions as it may prescribe, and (2) with available cash in any fund, purchase or otherwise acquire for investment unmatured bonds of the town or of any fund of the town.

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- 10-5-121 Records of council proceedings – Clerk’s records as evidence.
The town clerk shall attend the meetings and keep the record of the proceedings of the council. Copies of all papers filed in the clerk's office and transcripts from all records of the council, if certified by the clerk under the town seal are admissible in all courts as originals.
- 10-5-122 Signing and record of contracts by clerk.
The town clerk shall countersign all contracts made on behalf of the town and shall maintain an indexed record of all such contracts.
- 10-5-123 Fund records maintained -- Pre-audit of claims -- Certifications on voucher -- Bids received and advertisement records -- Time for keeping.
(1) The town clerk shall maintain the general books for each fund of the town and all subsidiary records relating thereto, including a list of the outstanding bonds, their purpose, amount, terms, date, and place payable.
(2) The town clerk shall preaudit all claims and demands against the town before they are allowed, and shall prepare the necessary checks in payment. The town clerk shall certify on the voucher or check copy, as appropriate, that:
 (a) the claim has been preaudited and documented;
 (b) the claim has been directly approved by the council;
 (c) the claim is within the lawful debt limit of the town; and
 (d) the claim does not overexpend the appropriate departmental budget established by the council.
(3) Whenever any town is required by law to receive bids for purchases, construction, repairs, or any other purpose requiring the expenditure of funds, that town shall keep on file all bids received, together with proof of advertisement by publication or otherwise, for:
 (a) at least three years following the letting of any contract pursuant to those bids; or
 (b) three years following the first advertisement for the bids, if all bids pursuant to that advertisement are rejected.
- 10-5-124 Warrants tendered for claims.
If the town is without funds on deposit in one of its appropriate bank accounts with which to pay any lawfully approved claim, the town clerk may draw and sign a warrant on the treasurer of the town for payment of the claim, the warrant to be tendered to the payee named thereon.
- 10-5-125 Treasurer - Duties.

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(1) The town treasurer is custodian of all money, bonds, or other securities of the town.

(2) The town treasurer shall:

(a) determine the cash requirements of the town and provide for the investment of all monies by following the procedures and requirements of Title 51, Chapter 7, State Money Management Act;

(b) receive all monies payable to the town, within three business days after collection, including all taxes, licenses, fines, and intergovernmental revenue;

(c) keep an accurate detailed account of all monies received under Subsection (2)(b) in the manner provided in this chapter and as directed by the town council by ordinance or resolution; and

(d) collect all special taxes and assessments as provided by law and ordinance.

10-5-126 Receipts for payments to town - Filing copies.

The town treasurer shall give or cause to be given to every person paying money to the town treasury, a receipt or other evidence of payment therefor, specifying, as appropriate, the date of payment and on which account the payment was made and shall file the duplicate of the receipt, a summary report, or other evidence of payment in the office of the clerk.

10-5-127 Signing of checks - Determination of sufficiency of account.

The town treasurer, or in his absence a deputy treasurer appointed by the council, shall sign all checks prepared by the town clerk. Prior to affixing the signature, the treasurer or deputy treasurer shall determine that a sufficient amount is on deposit in the appropriate bank account of the town to honor the check. The council may also designate any town officer to countersign checks.

10-5-128 Deposit of town funds - Commingling with personal funds prohibited - Suspension from office for unauthorized use or profit from town funds.

The treasurer shall promptly deposit all town funds in the appropriate bank accounts of the town. It shall be unlawful for any person to commingle town funds with his or her own money. Whenever it shall appear that the treasurer or any officer is making profit out of public money, or is using the same for any purpose not authorized by law, such treasurer or officer shall be suspended from office.

10-5-129 Annual financial report.

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Subject: Fiscal Procedures Act for Utah Towns (verbatim)
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Within 180 days after the close of each fiscal year the town clerk or other delegated person shall present to the council an annual financial report. This section may be satisfied by an audit report or annual financial report of an independent auditor.

10-5-130 Town fiscal committee-Creation-Appointment of members-Terms-Vacancies-Functions.

(1) There is hereby created a town fiscal committee, the members of which shall be:

(a) four elected or appointed municipal officials, appointed by the state auditor from a list recommended by the Utah League of Cities and Towns; and

(b) two additional members who are knowledgeable in the area of municipal fiscal affairs appointed by the state auditor.

(2) Members shall be appointed to four-year terms, provided that the term of an elected official shall terminate on ceasing to be an elected official, but any appointed position shall be deemed to be vacated if the member fails to attend more than two consecutive regularly scheduled meetings of the committee.

(3) Any vacancy shall be filled by the state auditor from the same class as the original appointment as described in Subsection (1). Members may be reappointed.

The committee shall assist, advise and make recommendations to the state auditor in the preparation of uniform accounting and reporting procedures and program and performance accounting, budgeting, and reporting for towns.

10-5-131 Uniform accounting and reporting procedures - Forms - Instructions.

The state auditor, with the concurrence of the town fiscal committee, shall:

(1) prescribe uniform accounting and reporting procedures for towns, in conformity with generally accepted accounting principles;

(2) conduct a continuing review and modification of the procedures to improve them;

(3) prepare and supply each town with suitable budget and reporting forms; and

(4) prepare instructional materials, conduct training programs and render other services considered necessary to assist towns in implementing the uniform accounting, budgeting, and reporting procedures.

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A chart of accounts is used to identify and appropriately classify financial transactions, balances, etc. The chart of accounts presented in this manual is the simplified chart of accounts for smaller governmental units. A smaller governmental unit may use the simplified chart of accounts presented in this section, the more detailed master chart of accounts presented in section I. C.07, or any other chart of accounts as long as the accounts used identify all revenues by sources, all expenditures by function, and segregates these into the appropriate funds and departments.

The chart of accounts presented is organized as follows:

100 - 199	Asset Accounts
200 - 299	Liabilities and Fund Balance (Retained Earnings)
300 - 399	Revenue Accounts
4000 - 7999	Expense Accounts, including the Expenditures Object Codes

This chart of accounts does not contain separate fund designations. Such designations should be made by adding a single digit in front of the account codes such as:

- 1 - General fund
- 2 - Capital projects fund
- 3 - Enterprise fund (water utility), etc.

The following entries illustrate the usage of this simplified chart of accounts:

<u>Account No.</u>	<u>Debit</u>	<u>Credit</u>
1-111 Cash	\$5,000	
1-313 Sales Taxes		\$5,000
To record the receipt of sales taxes by the general fund		
3-7032 Engineering	\$2,000	
Cash		\$2,000
To record engineering costs paid by the enterprise fund (water utility)		

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BALANCE SHEET ACCOUNTS

ASSETS

111	Cash in bank
112	Petty cash
115	Interest bearing cash deposit
116	Treasury time deposits
117	Other investments
121	Customer deposits
122	Other deposits
131	Accounts receivable
132	Notes receivable
133	Accrued interest receivable
134	Special assessments receivable
135	Taxes receivable - current
136	Taxes receivable - delinquent
137	Deposits receivable
141	Due from other governmental units
142	Due from other funds
143	Advances to other funds
151	Inventories
161	Land
162	Buildings
163	Improvements other than buildings
164	Office furniture and equipment
165	Machinery and equipment
166	Automobiles and trucks
172	Amounts available for bond payment
173	Amounts to be provided for bond payment

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LIABILITIES AND FUND BALANCES

211	Accounts payable
221	Accrued payroll
222	Withholding taxes payable
223	Other deductions payable

BALANCE SHEET ACCOUNTS

LIABILITIES AND FUND BALANCES (Continued)

231	Contracts payable
232	Notes payable
233	Construction contracts payable
241	Due to other governmental units
242	Due to other funds
251	Matured bonds payable
252	Matured interest payable
253	Bonds payable
261	Contributions from governmental units
262	Contributions from other funds
263	Contributions from customers
264	Contributions from subdividers
271	Reserve (detail)
272	Reserve (detail)
273	Reserve (detail)
275	Fund Balance
277	Investment in general fixed assets
278	Retained earnings

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REVENUE ACCOUNTS

310 TAXES

- 311 General property taxes-current
- 312 Prior year ' s taxes - delinquent
- 313 General sales and use taxes
- 314 Franchise taxes
- 315 Transient room tax
- 317 Fee-in-lieu of personal property taxes
- 319 Penalties and interest on delinquent taxes

320 LICENSES AND PERMITS

- 321 Business licenses and permits
- 322 Building permits
- 323 Marriage licenses
- 324 Cemetery - burial permits
- 325 Animal licenses
- 326 Other

330 INTERGOVERNMENTAL REVENUE

- 331 Federal grants
- 332 Federal revenue sharing
- 333 Federal payments in lieu of taxes
- 334 State grants
- 335 Class "C" road fund allotment
- 336 State liquor fund allotment
- 337 State payments in lieu of taxes
- 338 Other grants
- 339 Other

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340 CHARGES FOR SERVICES

- 341 Court costs, fees and charges (Clerk)
- 342 Recording of legal documents (Recorder)
- 343 Zoning and subdivision fees
- 344 Plan checking fees
- 345 Sale of maps and publications
- 346 Other general government feed (detail)
- 347 Other general government fees (detail)
- 348 Public safety fees
- 349 Street, Sidewalk and curb repairs
- 350 Parking meter revenue
- 351 Street lighting charges
- 352 Sewer charges
- 353 Refuse collection charges
- 354 Weed removal and cleaning charges
- 355 Health fees
- 356 Animal control and shelter fees
- 357 Park and recreation fees
- 358 As needed
- 359 As needed

360 OTHER REVENUE

- 361 Interest earnings
- 362 Sale of cemetery lots
- 363 Cemetery perpetual care
- 364 Cemetery maintenance fees
- 365 Court fines and forfeitures
- 366 Library fines
- 367 Sale of fixed assets
- 368 Other

370 OTHER ENTERPRISE AND UTILITY REVENUE

- 371 Water fund - operating
- 372 Water fund - non-operating
- 373 Sewer fund - operating
- 374 Sewer fund - non-operating

370 OTHER ENTERPRISE AND UTILITY REVENUE (Continued)

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375 Electric fund - operating
376 Electric fund - non-operating
377 Waste collection and disposal fund (operating and non-operating)
378 Airport fund - aviation
379 Other (detail)

380 CONTRIBUTIONS AND TRANSFERS

381 Contributions from other governmental units
382 Contributions from other funds
383 Contributions from private sources
384 Transfers from other funds

EXPENSE ACCOUNTS

GENERAL GOVERNMENT

40 Non-Departmental

Legislative and Judicial

41 Mayor, council or board
42 City court

Central Staff Agencies

43 Data processing
44 As needed

Administrative Agencies

45 Clerk
46 Treasurer
47 Recorder
48 As needed (city manager, attorney, engineer)
49 As needed (finances department, etc.)
50 Elections

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- 51 Buildings and grounds
- 52 Planning and zoning commission
- 53 Education and community promotion

PUBLIC SAFETY AND HEALTH

- 54 Police department
- 55 Fire department
- 56 Building inspection
- 57 Animal control
- 58 Other
- 59 Health Services

HIGHWAYS AND PUBLIC IMPROVEMENTS

- 60 Streets and highways
- 61 Class "C" road
- 62 Sanitation
- 63 Sewage collection and disposal

PARKS, RECREATION AND PUBLIC PROPERTY

- 64 Parks
- 65 Recreation
- 66 Libraries
- 67 Cemeteries
- 68 Community and economic development
- 69 As needed
- 70 As needed

PUBLIC UTILITIES

- 71 Water fund
- 72 Sewer fund
- 73 Electric utility fund
- 74 As needed
- 75 As needed

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EXPENDITURE OBJECT CODES

10 SALARIES & WAGES

- 11 Permanent employees
- 12 Temporary employees
- 13 Employee benefits
- 14 Other benefits

20 MATERIALS & SUPPLIES

- 21 Books, subscriptions & memberships
- 22 Public notices
- 23 Travel
- 24 Office expense & supplies
- 25 Equipment - supplies & maintenance
- 26 Buildings & grounds - supplies & maintenance
- 27 Utilities
- 28 Telephone

30 SERVICES

- 31 Data processing
- 32 Engineering
- 33 Legal
- 34 Accounting and auditing
- 35 General health
- 36 Education
- 37 Other professional & technical
- 38 Other Services

40 OTHER CHARGES

- 41 Insurance
- 42 Collection costs
- 43 Interest
- 44 Contributions
- 45 Special department supplies
- 46 Miscellaneous supplies & services

50 CAPITAL OUTLAY

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- 51 Land
- 52 Buildings
- 53 Improvements other than buildings
- 54 Purchase of equipment
- 55 Special projects
- 56 Other

60 DEBT SERVICE

- 61 Principal on bonds
- 62 Interest on bonds
- 63 Collection charges on bonds

70 INTERGOVERNMENTAL CHARGES & TRANSFERS

- 71 Transfers to other funds
- 72 Contributions to other funds
- 73 Intergovernmental charges